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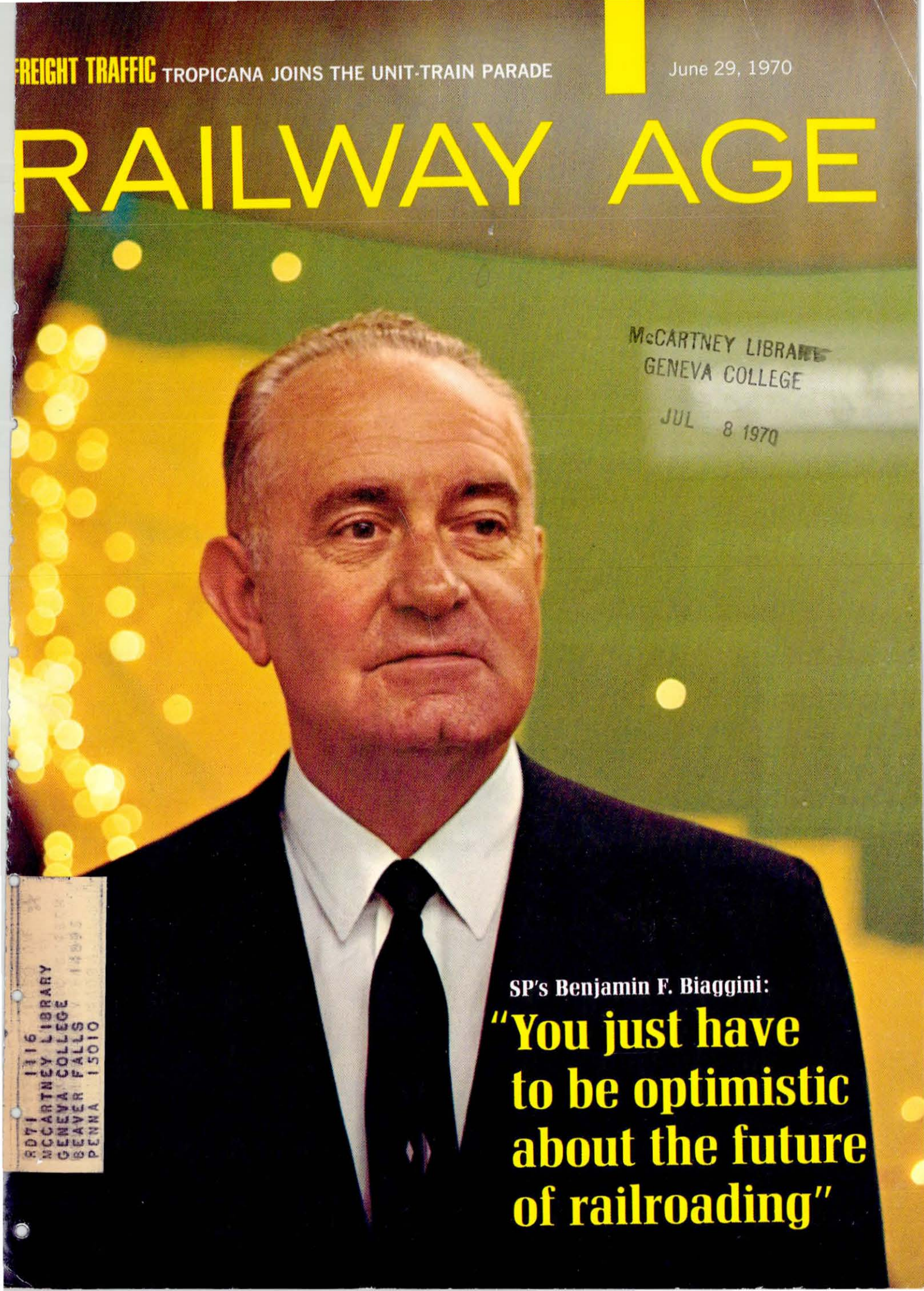
June 29, 1970

RAILWAY AGE



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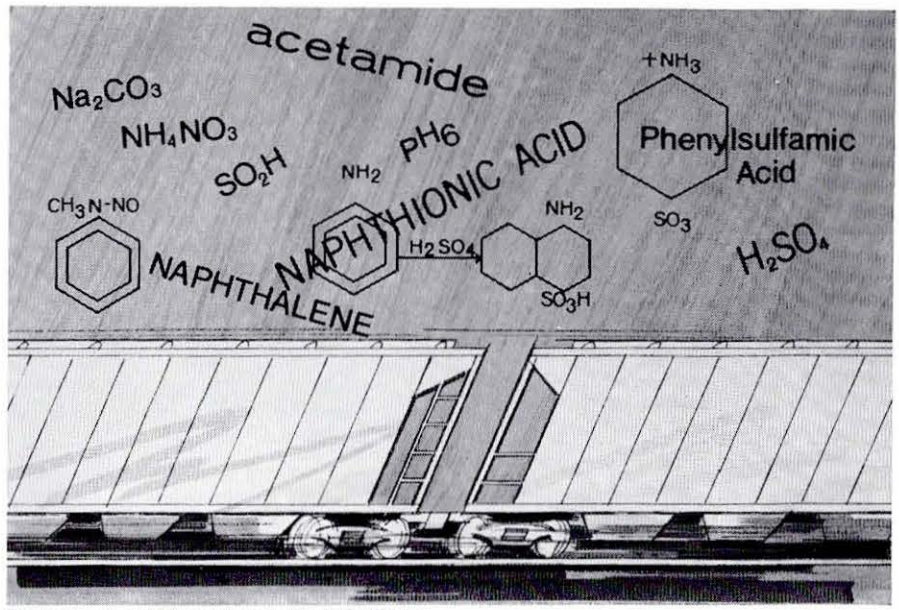

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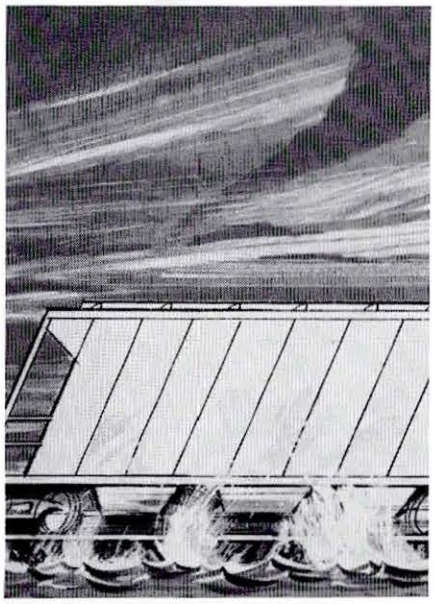
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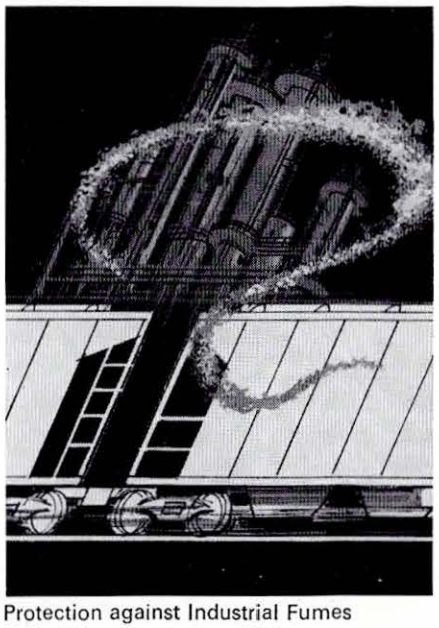
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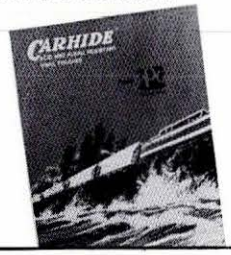

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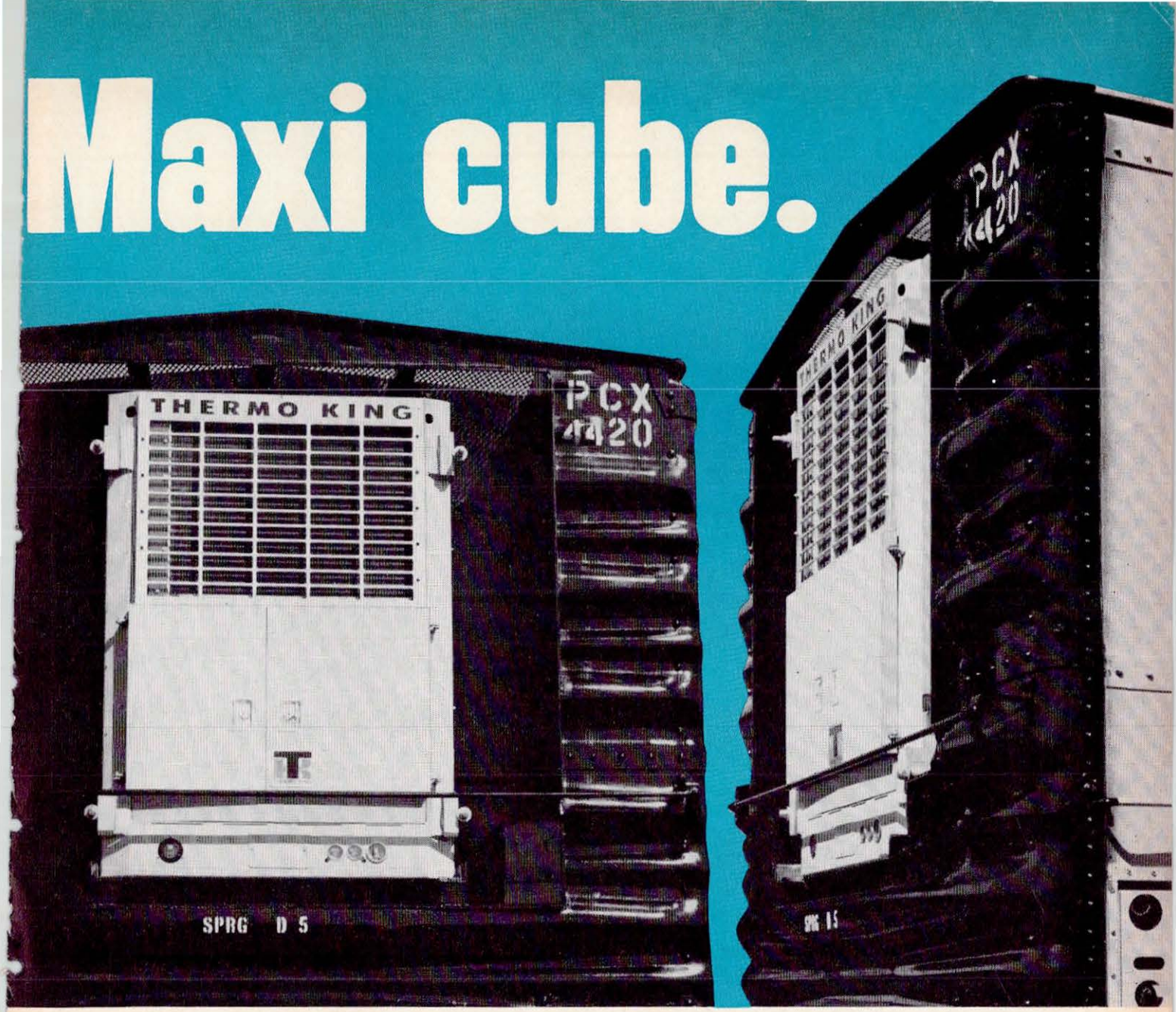

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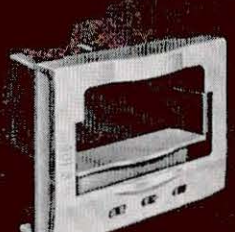

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RAILWAY AGE

June 29, 1970 • Vol. 168, No. 13

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Inside

LUTHER MILLER

A TIME FOR OPTIMISM?

This week's cover—showing SP President Benjamin F. Biaggini proclaiming, "You just have to be optimistic about the future of railroading"—may strike some of our readers as being just slightly out of step with the times. Even as our four-color cover presses were rolling, the newspapers were reporting in screaming headlines the disaster that had befallen the Penn Central; and talk of nationalizing the railroads was undergoing one of its periodic revivals.

A classic example of bad timing, on our part? If any apology were required, we could talk about the mechanics of our trade . . . the longer lead time required for four-color offset printing . . . the fact that the interviews on which this issue's cover story is based were taped in San Francisco at a time when Penn Central was still a more or less solvent entity.

But that will not be necessary.

We would do it all over again, lead time or no. Because what better time is there than now to remind ourselves that there is a difference between "railroading," which is what Mr. Biaggini is talking about, and "a railroad" ?

When talking with Railway Age a few weeks ago, Mr. Biaggini remarked—prophetically—that it was unwise to view the potential of the railroad industry through the clouds that hover over the East. "Come on a missionary tour West," he advised those whose vision seems to end on the east bank of the Hudson River. His advice today seems more appropriate than ever.

YES—IF AND BUT

Far from apologizing for what one office wag called our own version of the Chicago Tribune's famous "Dewey Beats Truman" front page of November 1948, we dare to suggest that this week's cover story might well be entered as evidence in the save-the-railroads hearings now under way in Washington. Two points are worth remembering:

(1) If Penn Central and other railroads in deep financial water are worth saving, it is only because they have the potential for great railroading—and great service to the nation—that the SP and certain other carriers are already rendering, under rather better conditions than their neighbors in the East enjoy.

(2) At the same time, Washington should mark and mark well the fact that Mr. Biaggini and other optimists qualify their comparatively rosy views of railroading with some important ifs and buts—involving the over-regulators in Washington and the state capitals, the over-assessors in the taxing districts, and the over-achievers in the competitive transportation lobbies. If these ifs and buts do not get attention, what has happened to one railroad could well happen to railroading.

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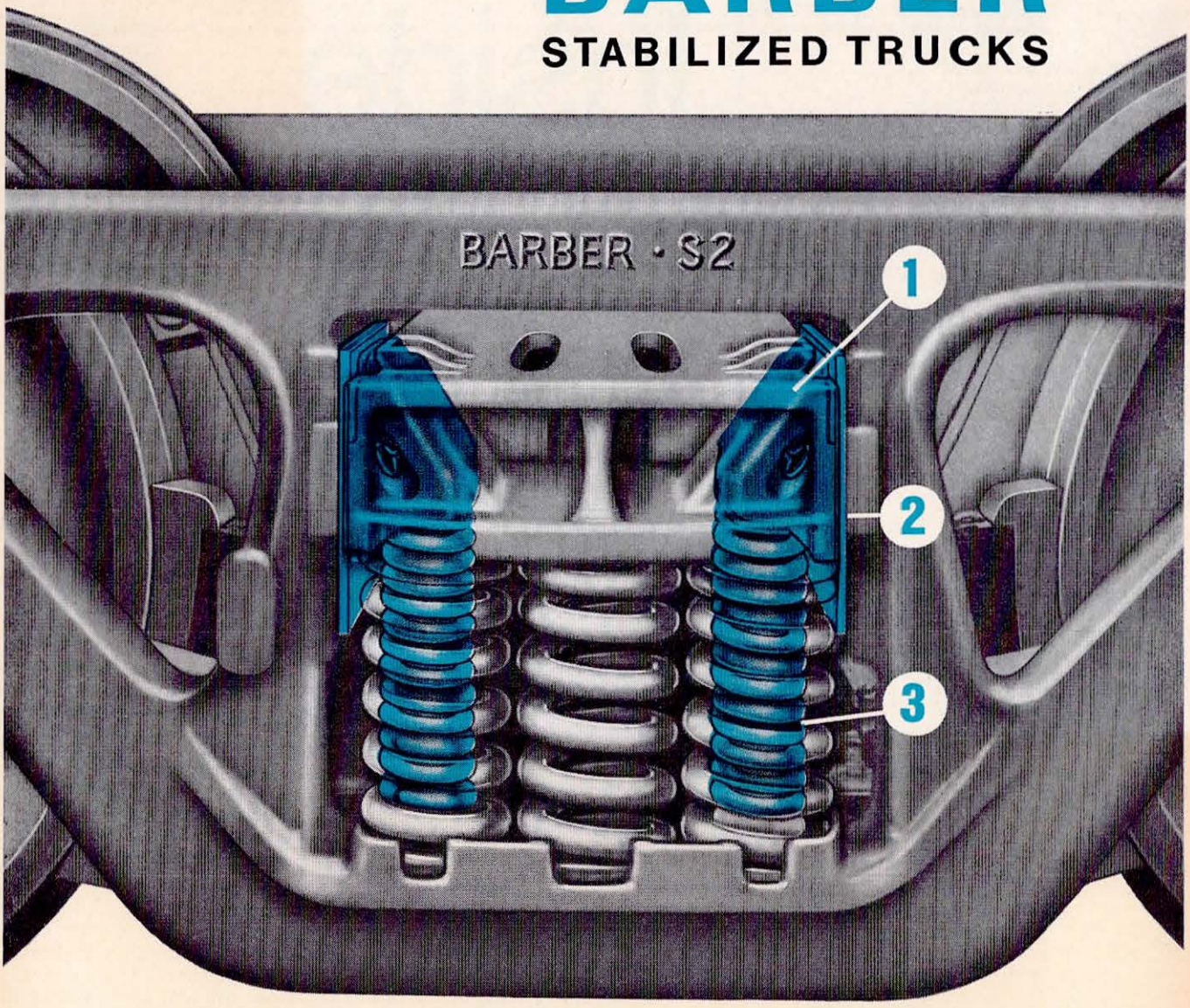

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Circle 6 on coupon page 69

RAILWAY AGE

JUNE 29, 1970

NEWS

PENN CENTRAL — A race with the "unthinkable" p.11
What the PC crisis means to the industry p.12
EQUIPMENT — BN adds cars as coal traffic rises p.13
Norca supplies 142-foot drop-center car p.14
PFE expands new-car program p.15
New service battles tank-car idleness p.14
MERGERS — IC/GM&O move a step closer p.13
PC's problems slow C&O/N&W p.15
LABOR — Fireman-manning talks again come to a halt p.14
Sixth shop union agrees to contract p.15
GOVERNMENT — ICC wonders: Just what did Mr. Nixon mean? ..... p. 8
Volpe seeks to strengthen ties with Canada ..... p. 8
Shippers win more time on rate statements ..... p. 8
PASSENGERS — Erie will get gas-turbine cars ..... p. 8
Illinois Central hikes commuter fares ..... p. 8
TECHNOLOGY — AAR writing data-terminal specs ..... p. 8
Four roads swap computerized information ..... p. 8
FreightMaster opens a new plant p.13
LOSS & DAMAGE — ICC looks at grain-claim case p.16

FEATURES

MANAGEMENT CLOSEUP: SOUTHERN PACIFIC — "You just have to be optimistic . . ." p.28
How SP tackles equipment/track problems p.35
TRAFFIC — Tropicana unit train rolls into action p.52
LABOR — IC/UTU JOBS Commission is in business p.54
SHIPPERS — Traffic men are cool to direct federal aid p.58

COMMENT

INSIDE — A time for optimism? Yes—if and but ..... p. 5
LINES ON LABOR — Will the JOBS Commission work? p.16
WATCHING WASHINGTON — Railroads—and the spirit of '76 ..... p.27
VIEWPOINT — Who is to blame for car shortages? p.86

DEPARTMENTS

Industrial Traffic p.74
Market p.79
New Products p.68
People in the News p.63
Revenue Tables p.56
Stock Report p.82
Supply Trade p.71
World Report p.72

Short and Significant

GOVERNMENT

NIXON COMMENT PUZZLES ICC

ICC is mystified at what President Nixon had in mind in his June 17 economic speech to the nation when he said, "I am also urging the Interstate Commerce Commission to give prompt attention to the urgent financial problems of this [railroad] industry." Did the President mean swifter ICC approval of rail rate increases or mergers, which other departments in the Administration—Agriculture and Justice—have sometimes opposed. Or was it, as some ICC officials believe, simply a mistake on the part of a Presidential speechwriter?

VOLPE SEEKS STRONGER CANADA TIES

DOT Secretary John A. Volpe flew to Ottawa in mid-June to push closer cooperation between the U.S. and Canada in the area of high speed ground transportation. The two countries already share data from the Northeast Corridor Transportation Project and Canada's Toronto-Montreal Corridor Study. Volpe and Canadian Minister of Transport Donald C. Jamieson broadened this exchange to continuing phases of the two Corridor studies and agreed to reduce duplication of parallel national efforts in other R & D projects.

SHIPPERS WIN MORE TIME IN RATE CASE

The ICC has postponed from June 24 to July 22 the date for shippers to file statements opposing rails' request for a 6% freight rate increase. August 19 was set as the date for filing rebuttals and August 26 for oral hearing requests. The action follows ICC's May 27 decision allowing an interim 5% freight rate increase pending investigation.

PASSENGERS

ERIE WILL GET GAS-TURBINE CARS

New York's Metropolitan Transportation Authority plans to order up to 10 gas-turbine cars for experimental operation on the Erie Lackawanna between Hoboken, N.J., and Rockland and Orange Counties, N.Y. A prototype car built by Budd has been in test operation (without passengers) on the Long Island for six months. General Electric and St. Louis Car Division of GSI have designed the passenger version under a $200,000 contract.

FOR IC COMMUTERS, A FARE INCREASE

Illinois Central is putting into effect its first general increase in Chicago-area commuter fares since 1961. In a plan that reduces 108 different fares to 24, the rates cover a new six-zone system with fare changes ranging from a 50% rise to a slight drop for various stations. The increases are expected to yield an additional 25% to 30% in revenues. Five suburban groups have threatened legal action against the increases.

DOT GETS A TACV VOLUNTEER

Credit Rohr Corp. for instant reaction. DOT announced a plan to build a tracked air-cushion vehicle system linking Los Angeles International Airport with the San Fernando Valley. And on the same day, Rohr said its subsidiary, Aerotrain Systems, Inc., is "fully prepared" to assist in the project.

THE INDUSTRY

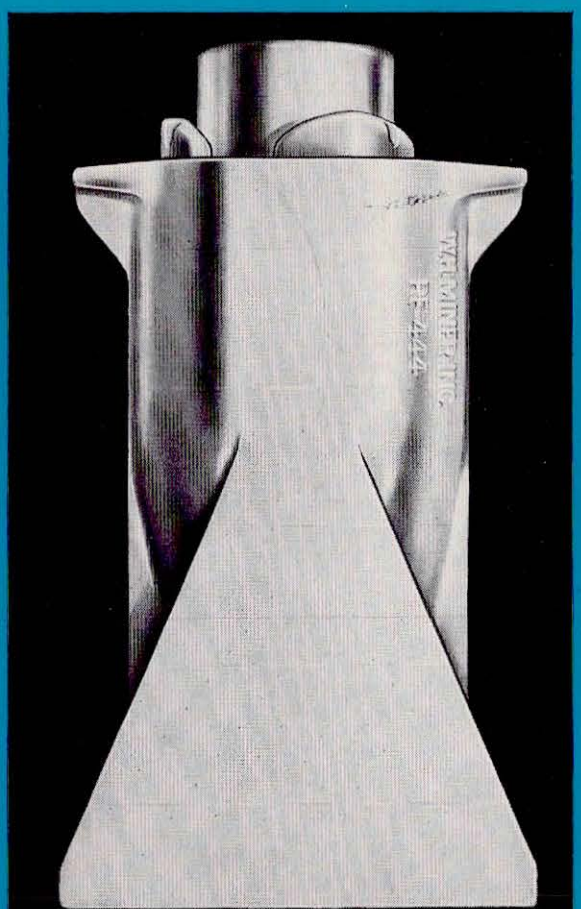
AAR WRITING DATA-TERMINAL SPECS

Minimum maintenance and maximum flexibility are the twin goals of a specwriting program covering data terminals which the AAR's Management Systems Department has just completed. Data systems people want a terminal device which will stand up under rugged operating conditions—the vibration, dirt and extremes of heat and humidity of freight-yard operation. They also want a device which will be compatible with a maximum number of types of input/output devices.

FOUR ROADS SWAP CAR INFORMATION

The computer systems of the Southern, the Louisville & Nashville, the Illinois Central and the Seaboard Coast Line are now on speaking terms. A new information exchange system permits any of the participating roads to dial an inquiry into the computer center of any of the other three lines for data on the location and status of their respective freight cars. A joint statement called it "the first step toward the day when railroads will be 'talking' to each other via computer on a routine basis."

SHOCK BUSTERS



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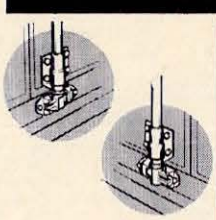

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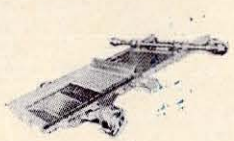

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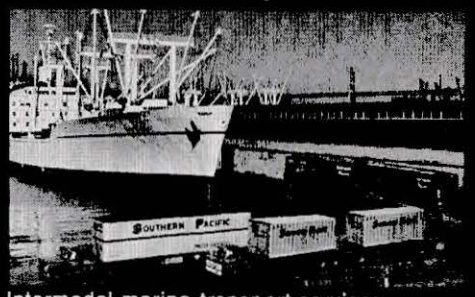

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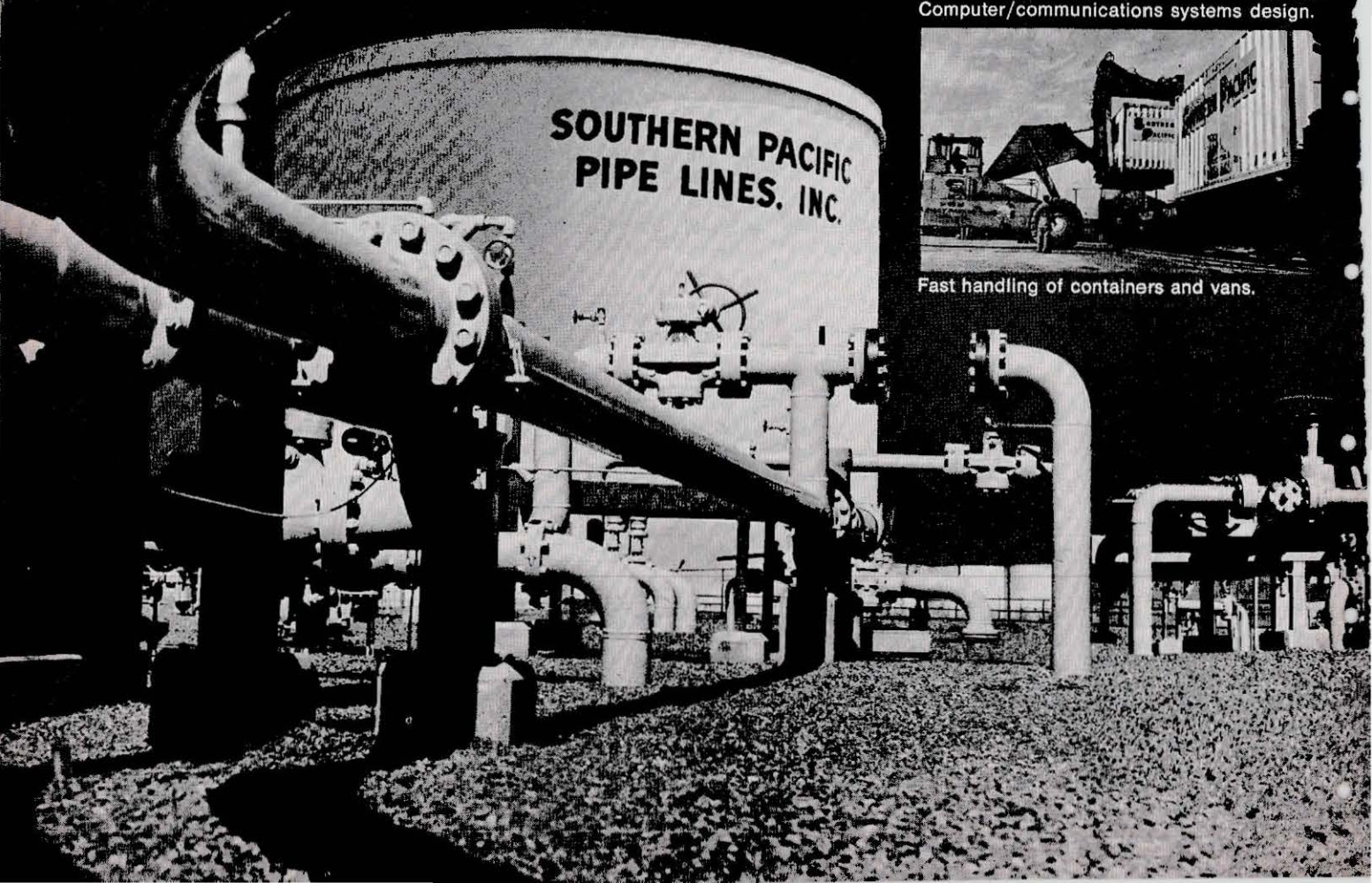


RAILWAY AGE
NEWS

PENN CENTRAL: Racing the "unthinkable"

"The day the trains stopped running" has been the theme of many an Orwellian speech designed to awaken an apathetic America to the plight of her railroads. Last week, America was no longer apathetic—and a speech-maker's fancy came horribly close to becoming fact. It was "absolutely unthinkable," as one United States Senator told his disbelieving colleagues in a closed-door session on Capitol Hill on Monday, June 22—but the Penn Central for a while was on the verge of collapse as an operating entity.

Financial collapse had come 24 hours earlier when Penn Central sought and won a petition to go into reorganization, after the Nixon Administration backed away from a commitment to guarantee $200 million in bank loans to help the sick giant ride out its financial crisis.

Now, a far grimmer eventuality presented itself—the real and present danger that even in reorganization, and thus freed temporarily of its pressing debt obligations, the Penn Central could not raise the money to keep its trains running. Congress moved swiftly, though tardily, to head off this eventuality.

Late on Monday, the startling word was passed through Washington that the railroad, with only $7 million in the till, could not meet the week's $20-million payroll. A private meeting on Capitol Hill, attended by more than a dozen Congressional and Administration leaders, was told bluntly that the situation was far worse than most people realized—that the railroad would have to shut down unless operating money was quickly made available.

"It was an unreal situation which we all found hard to believe," said one man who attended this meeting. "Railroads have gone through bankruptcies before, but the trains have continued to run. What had to be gotten across at this meeting was the fact that this was a situation without precedent."

The point did get across, with sufficient force that on Tuesday bills were introduced in both houses to provide up to $750 million in help for the Penn Central and a handful of smaller roads that appear to be headed down the same path. Hearings opened on Wednesday.

As hearings opened, DOT Secretary Volpe laid it on the line: "The PC needs cash. We would hope the trustees' certificates providing the necessary cash could be sold without a government guarantee. But the consequences of any failure to raise cash make it imperative that the guarantee authority be available."

He added: "If for any reason traffic were to stop moving over this road, it would result in the loss of employment and revenues not only on the Penn Central but for many other railroads and the industries they serve."

At week's end, the feeling was strong in Washington that the loan-guarantee bill would be approved. Money was made available to meet the payroll, and any immediate shutdown approved to have been forestalled.

What happened?

The Penn Central crisis has been a long time in the making. While Congress and most of the press were shocked by the recent turn of events, the handwriting has long been on the wall for those who cared to try to decipher it.

Sixteen months ago, the retiring Federal Railroad Administrator, A. Scheffer Lang, warned that the Penn Central was on a course that had already ruined the New Haven. In this case, however, the results could be far graver, said Lang in an interview with Railway Age—"because while you can pawn the New Haven off on Penn Central, you can't pawn Penn Central off on anybody except the federal government."

Lang found the roots of the trouble to lie deep in the history of the former Pennsylvania "as an institution"—an institution which, in his view, continued to exercise the prerogatives of pre-eminence long after it had lost any real claim to the position.

Whatever the root causes, the more immediate ones are not hard to identify. Merger of the Pennsylvania and the New York Central was more costly and more cumbersome than anyone had anticipated. Expected savings did not materialize. Service deteriorated, traffic fled to other carriers, operating losses mounted. As a condition of merger, Penn Central had to take on the New Haven albatross—and an already bad passenger-loss situation became all but unbearable.

As early as last August there were rumblings that Chairman Stuart Saunders was on the way out. Instead, Saunders brought in Western Electric's

OUT . . .

Chairman Stuart Saunders was fired

IN . . .

Directors put Paul A. Gorman in charge

GOING . . .

Vice-Chairman A. E. Perlman was "relieved"

NEWS

Paul A. Gorman as president and shunted Alfred E. Perlman, ex-NYC chief, to vice chairman. Gorman took office Dec. 1 "with enthusiasm." This enthusiasm diminished as the full dimensions of Penn Central's cash crisis became evident.

In this year's first quarter, Penn Central Transportation Co. reported a loss of $62.7 million (after losing $56.3 million in all of 1969). Even with income from non-rail operations and a non-recurring gain of $51 million on a sale of stock, the parent company had a $17.2-million deficit for the first quarter 1970.

Meanwhile, the company had to face up to the grim need to pay off or refinance $281.1 million of debt this year, and $1 billion by 1975.

What proved to be the final blow came when Penn Central failed to sell a new $100 million debenture issue bearing a fat coupon. The issue would have covered $75 million in short-term commercial paper falling due in the period May 8-June 30.

On June 8, Penn Central's directors summarily fired Saunders and David C. Bevan, chairman of the carrier's finance committee, and relieved Vice Chairman Perlman of his duties. Gorman was named board chairman and chief executive officer.

As Penn Central's directors were meeting, 19 members of Congress and Administration officials huddled in the office of Sen. Hugh Scott (R.-Pa.), minority leader of the Senate. Treasury Under Secretary Paul A. Volcker shocked the group by stating flatly, "By next week, Penn Central will be bankrupt." And DOT Secretary John A. Volpe solemnly warned, "Unless we get word to the banks today, they'll foreclose."

Out of this came the Administration's decision to back $200 million in loans under Section 301 of the Defense Production Act, which protects the solvency of firms deemed essential to the national defense. The Administration further proposed that Congress empower DOT to guarantee up to $750 million in loans to all ailing railroads.

Then came the revolt in Congress, led by Rep. Wright Patman of Texas, chairman of the House Banking and Currency Committee. Fearing grave political embarrassment (it was revealed, for example, that Penn Central had engaged President Nixon's former law firm during the crisis), the Administration backed away from its promise on Friday, June 19. Two days later Penn Central Transportation Co. went into reorganization under Section 77 of the Bankruptcy Act—a procedure which is designed to protect a railroad's assets from liquidation and keep the company in operation (unlike ordinary bankruptcy in which assets are sold and creditors paid off). The announcement emphasized that the action related solely to the Transportation Co. and did not apply to the parent Pennsylvania Co., or to many other affiliated and subsidiary companies. (On June 23, Judge John P. Fullam of the Federal District Court in Philadelphia was named to handle the reorganization. He will hold a hearing July 15 after which he will name a trustee or trustees to run the railroad as agents of the court.)

As it became clear last week that even in reorganization, Penn Central would find it difficult to find the money to operate its trains, the most frequent question asked was: "Why not sell off some of the parent company's $7 billion in assets?" The answer was that any such distress sale would only worsen a bad-enough situation, and could plunge the entire company into insolvency.

Most observers were convinced last week that a loan-guarantee program was the only answer—not to protect Penn Central's security holders but to head off a situation that could have the direst effects on the whole nation.

What the PC crisis means to the industry

Penn Central's troubles loosed the expected flood of talk about nationalizing the railroads. Responsible observers found this possibility a remote one. Most Congressmen are well aware of the fact that countries which have nationalized their railway systems are paying for it dearly. Not only do the nationalized railways of Germany, France, and Japan, for example, pay no taxes—they are regularly subsidized with tax money to the extent of several hundred million dollars a year. The cost of nationalizing U.S. railways would be in the billions annually—in terms of lost taxes and operating subsidies which experience abroad indicates are necessary.

Actually, Penn Central's agony could do as much as anything to prevent nationalization. It could well result in long-overdue reforms in a national transportation policy which has consistently discriminated against the railroads.

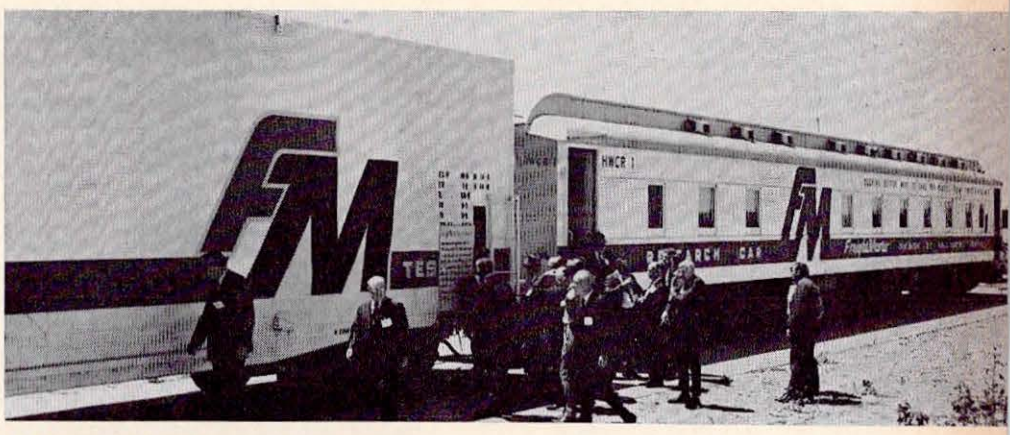
AAR President Thomas M. Goodfellow commented last week: "We hope the unfortunate developments on the Penn Central will serve to underscore the problems besetting all the railroads of the country—laws that have long been out of date, regulation that is excesive, and an absence of the kind of government help so generously given our competitors."

The liquidity crisis which Penn Central's troubles have underscored is not expected to have any braking effect on railroad spending generally this year. As late as May, fully aware of the problems in the money market, railroads told the Commerce Department that they planned to spend 7% more for capital improvements than they spent last year. For Penn Central itself, which earlier cut back on 1970 spending by $100 million, reorganization could mean restoration of some of these funds as operating revenues are made available for long-overdue equipment and plant improvements.

Suppliers to whom Penn Central is in debt showed no tendency to panic last week. "We've seen railroads through reorganizations before; we'll see this one through," was a typical reaction. While at least one bank refused to honor Penn Central paychecks, and while one small supplier refused to give Penn Central a load of ballast without a certified check, the big ones—the important ones—were adopting a sympathetic "wait and see—and help" attitude.

BN coal traffic up, so are car orders

You don't ordinarily think of Burlington Northern as a major coal-hauling railroad. But that's what BN is coming to be, as electric utilities step up their demand for low-sulphur coal such as that mined in Montana and Wyoming. Two months ago, BN added 100 cars to a previous order for 300 100-ton open-tops. Now, BN is placing an order for 235 100-ton rotary-coupler gondolas—about a year ahead of schedule. The Thrall-built gondolas are actually designed for service in a unit-train operation which won't begin until late next year. BN, however, says it's ordering the cars early in order to get extra equipment into service and ease car shortages which have developed. The 235 gondolas will be reassigned next autumn to make up a unit-train pool, which, by 1973, will be moving two million tons of coal annually from Montana mines to a new Minnesota Power & Light generating station now under construction at Cohasset, Minn.



INSPECTING (from left) are T. W. Painter, FM vice president; C. D. Buford, TTX president; L. B. Meaders, Halliburton president; P. D. Howard, FM sales manager. Facility cost $3.3 million.

FM dedicates new facility

Production of FreightMaster end-of-car cushioning units is beginning at a completely new manufacturing/research/office facility dedicated recently at Fort Worth, Tex. Railroad officers, including many enroute to AAR Mechanical Division annual meeting in San Francisco, participated in dedication. FM, a division of Halliburton Co., has produced the hydraulically cushioned units for a dozen years in a nearby, now-outmoded, multi-building complex (RA, April 27, p. 42). Along with laboratory work, its research also involves much over-the-road testing with special laboratory cars (above) also inspected by visitors at June 16 dedication. One is new 100-ton box car.

One step closer: IC/GM&O merger

ICC Examiner Hyman J. Blond has sent the proposed Illinois Central-Gulf, Mobile & Ohio merger winging over its first hurdle—his report to the Commission. Blond approves the merger, subject to certain conditions; he approves acquisition of sole control of Illinois Central Gulf Railroad Company by IC Industries; he points out that certain other questions related to the merger—namely, the issues of Union Pacific and Brown Brothers, Harriman involvement — are before the ICC for determination in another proceeding.

Examiner Blond points out that overall savings from merger are expected to run to $12.1 million per year—much of this in employment-cost savings. He proposes imposition of "a modified form of the New Orleans conditions" for employee protection, and "standard traffic conditions" regarding operating practices. He recommends inclusion of the Columbus & Greenville, the Bonhomie & Hattiesburg Southern and the Fernwood, Columbia & Gulf—three Mississippi short lines which would be purchased for approximately $7.2 million total. He also suggests that the ICC retain jurisdiction for two years after consummation "for the purposes of accepting any reasonable conditions agreed to by the applicants and the employees in lieu of the suggested protective conditions;" and for five years "to reopen the proceeding to consider inclusion in the merger of petitioning railroads."

IC Chairman William B. Johnson reacted with the comment that merger "should produce substantial additional income for the new railroad and will benefit our joint owners, our customers and our employees. It will enable us to provide significantly improved service."

As for the question of UP control, Johnson said that "even though UP has had a stock interest in IC for many years, it has not had and does not control IC. UP's stock interest is 14.8%. In 1968, UP gave up its voting rights by placing its stock in three separate trusts with banks which now possess those voting rights."

NEWS

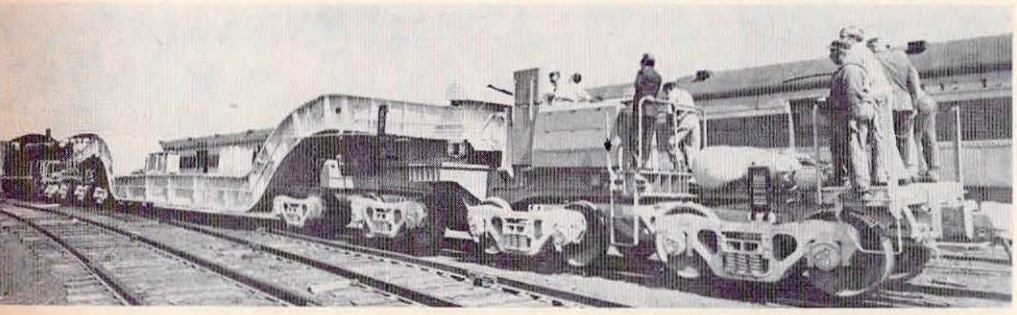
Fireman-manning talks come to a halt—once again

Efforts to settle the long-standing fireman-manning dispute are again at a standstill—with the United Transportation Union and the railroads disagreeing as to what was said and meant by the special mediator in the case, F. R. Livingston. UTU President Charles Luna had the strongest statement: "Our patience in dealing with railroad representatives who obviously do not want this dispute settled by an agreement is exhausted," Luna declared. "We will not tolerate further delay and we are prepared, by using this dispute as an example, to demonstrate the seriousness of the deterioration of the collective-bargaining process in the railroad industry." (For another view by Luna of collective bargaining in another situation, see p. 54.)

According to UTU, the special mediator proposed that three elements in dispute be handled separately—the fireman-manning issue, an issue involving use of walkie-talkie equipment, and current UTU wage demands. According to UTU also, railroad representatives had "injected a new note into the discussion by insisting on disposing of the problem of the use of walkie-talkie radios by switchmen along with the manning issue."

Railroad negotiators took a low-profile approach in replying. They pointed out that radio use had been discussed in the dispute long ago, before the Presidential Railroad Commission, before an emergency board and before Arbitration Board 282 in the 1960s. They also took issue with the claim that the special mediator had proposed handling the manning, radio and wage issues as separate items. But, for the time being, neither carriers nor, really, UTU was expressing the kind of outrage that leads to open confrontation.

The next step in the dispute—which has its current-generation roots deep in 1959—may be creation of an emergency board for yet another public airing of the arguments.



Norca supplies 142-foot drop-center car

Erie Lackawanna yard at Jersey City, N.J., was site of final assembly and initial tests of General Electric 142-foot, 440-ton drop-center flat car. Eight-truck car with 40-foot platform was designed and built by Norca Machinery with some subassemblies moving directly from suppliers to EL site.

BN set to move on Spokane project

Burlington Northern is ready to go, with the first in what may be a series of major facility-improvement projects in the Spokane area. For openers, BN will put $10 million or more into construction of a 4,000-foot bridge spanning Latah Creek and construction of an associated line change. BN's project goal is the creation of an improved connection between former Great Northern, Northern Pacific and Spokane, Portland & Seattle lines. But the community will also benefit: Part of the project involves removal of all track from an island, which may then be used for recreational purposes.

Farther into the future in BN planning are two other proposals, one for construction of a second major bridge and the other for construction of a new classification yard east of Spokane. BN people estimate the total proposed expenditure for Spokane-area improvements at $35 million to $40 million, extended over a period of perhaps five years.

New service battles tank car idleness

A new computerized listing and subleasing service—called UTIL-I-FAX—is now being offered its lessees by Union Tank Car Co. Designed to improve tank car utilization while at the same time reducing leasing costs, the new system can help match up the have's with the have-not's.

Aided by the magic of the computer, UTIL-I-FAX can compile a list of surplus cars Union Tank lessees have on hand and make this list available on a weekly basis to more than 700 major tank car users who may have short term needs for such cars. Lessees of Union Tank's 52,000-car fleet get this service free of charge, with no brokerage fees or commissions involved. As part of the UTIL-I-FAX service, Union Tank takes care of all record-keeping.

Lessees who like the advantages of long-term leases but who encounter slow periods when their cars are not in use should find UTIL-I-FAX helpful, says Jack Kruizenga, vice president-marketing. He introduced the new service to 80 traffic and distribution men representing 56 bulk shippers who toured the company's $20-million production facilities in East Chicago, Ind.

CP Rail establishing intercity, intermodal container service

Completely new distribution patterns should be possible for shippers using new Canadian Pacific container service, says A. E. Jenner, system manager for piggyback services. Intermodal system melds CP Rail's new 85-foot flatcars, 20-foot containers, new highway trailers, and special Steadman side-transfer units. Heart of door-to-door service is CP's fast overnight piggyback trains that regularly run between major Canadian cities.

PC crisis slows C&O/N&W

Penn Central's financial distress will block, for some time at least, the proposed merger of the B&O/C&O with the Norfolk and Western.

The ICC, on its own initiative, announced on June 17 it would reopen its inquiry into the proposed merger to see how much freight traffic a B&O/C&O-N&W complex would drain away from Penn Central. The merger had been approved by a Commission examiner in March 1969.

Parties in the case were given 90 days to provide evidence on such traffic diversion. A further 30 days were added for rebuttals, and another 5 days beyond that were allowed for requesting oral hearings.

The ICC said the traffic diversion subject had not been discussed in previous merger hearings and that it was reopening the matter because of the "magnitude" of the proposals involved and their "far-reaching ramifications." This was the sole, delicate allusion to Penn Central's current troubles in the ICC order.

The day ICC acted, N&W president and chief executive officer John P. Fishwick praised the proposed merger in a speech before the Huntington, W. Va., chamber of commerce. A favorable ICC decision would be of great benefit to three smaller roads "desperately in need of the kind of help only a merger with a strong partner can assure," he said.

The three roads are the Boston & Maine, the Reading, and the Central Railroad of New Jersey.

Fishwick added that diversification into other industries by railroads depends on individual situations, but warned that in the case of railroad conglomerates "if the railroad itself is not profitable, the company cannot be successful."

Sixth shop union agrees to contract

With the signing of a wage agreement by the International Brotherhood of Firemen & Oilers, the last of the current round of shopcraft disputes has been settled. Four of the shop organizations are working under an agreement imposed by law last April; a fifth union, the Brotherhood Railway Carmen, was signed up shortly after Congress settled the dispute involving the Machinists, Electricians, Sheet Metal Workers and Boilermakers & Blacksmiths. According to the National Railway Labor Conference, the settlement with the Firemen & Oilers follows the pattern set in negotiations with other unions for 1969-70. Re-opening will be permitted as of Sept. 1.

PFE beefs up new-car program

Pacific Fruit Express is adding 200 new multi-purpose mechanical refrigerator cars to a previous order of 1,200 cars now nearing final delivery. L. D. Schley, PFE's vice president general manager, said the new order will bring PFE's 1969-70 equipment program to 2,600 cars worth more than $83 million.

"All 1,400 cars being delivered this year will be in service this month, increasing our mechanically-refrigerated fleet to more than 12,000 units," said Schley.

The cars have diesel refrigeration units that maintain preset temperatures ranging from sub-zero to 70 degrees above; cushion underframes; load-locking devices; and wide doors to facilitate mechanized loading and unloading.

Loaded to capacity, the cars give Western shippers "the best per-package bargain in transportation today," Schley noted.

NEWS

Lines on Labor

GUS WELTY

JOBS COMMISSION: CAN IT WORK?

With everything but the heraldic trumpets of a Cecil B. DeMille movie, Illinois Central and the United Transportation Union proclaimed their "triumph of collective bargaining," the JOBS Commission. The scene was right, the cast was impressive, in size and scope. The drama did suffer a bit because there was no opportunity for ad-libbing in the give-and-take, question-and-answer of a true press conference. And the climax of plot did seem a bit anti-climactic, with railroad and union saying only that they had (after much travail) agreed to talk about constructive change. To industry insiders, that's news, significant news. To the general press and public, it's something else. And even to the insiders, there was not even an initial answer to the big question: Can JOBS Commission work?

THE STAGE IS SET FOR CHANGE, BUT . . .

In retrospect, how much more brilliant the production might have been, had IC and UTU been able to announce, simultaneously, their first experiment in Joint Opportunity for Better Service. A single new business/new-jobs mini-train, for instance, might have added life to what appeared as a rather static stage-setting with a conference table and eight chairs, and eight name-plates on the chairs. To a true-believer, the proclamation of JOBS Commission was perhaps enough. But, for better or for worse, this is a business in which the skeptics far outnumber the true-believers. And among skeptics, cynics and other varieties of pragmatists, it's a long way from (1) agreeing to talk about change to (2) making change work.

WHO'S GOING TO SAY: "I TOLD YOU SO"?

If you talk with people close to JOBS Commission, though, you find a dedication toward making the project succeed. You find a feeling that "We've gone this far—we *have* to take the next steps together." You find a confidence that JOBS *can* be of mutual benefit, that both railroad and labor organization *can* come up winners when IC President Alan Boyd and UTU President Charley Luna look at the record, 18 months from now. You find all the cliches—that "This is an idea whose time has come," and that "It is a far, far better thing we do today than we have ever done before." But you go back to the beginning, and you re-discover that dedication—which, hopefully, comes in equal amounts from IC and UTU. And you come to a conclusion, which is this: For the long-term, total good of the industry, it had better be such men as IC Vice President Earl Oliver and UTU General Chairman Spence Stuckey—and not the skeptics—who will be saying "We told you so."

ICC takes a look at grain-claim case

The ICC is dipping a toe cautiously into the matter of grain loss-and-damage claim-handling. The Commission, in a probe opened at the request of a coalition of grain shippers, may try to determine if rail handling of grain claims is consistent with ICC-endorsed practices.

But along with that question, grain men admit, stands the question of ICC lag behind developments in haulage.

"The railroads have strayed to some extent, but they have 50-year-old rules to go by," says Archie T. Walters, chairman of the joint complaint committee of the American Feed Manufacturers and the National Soybean Producers associations.

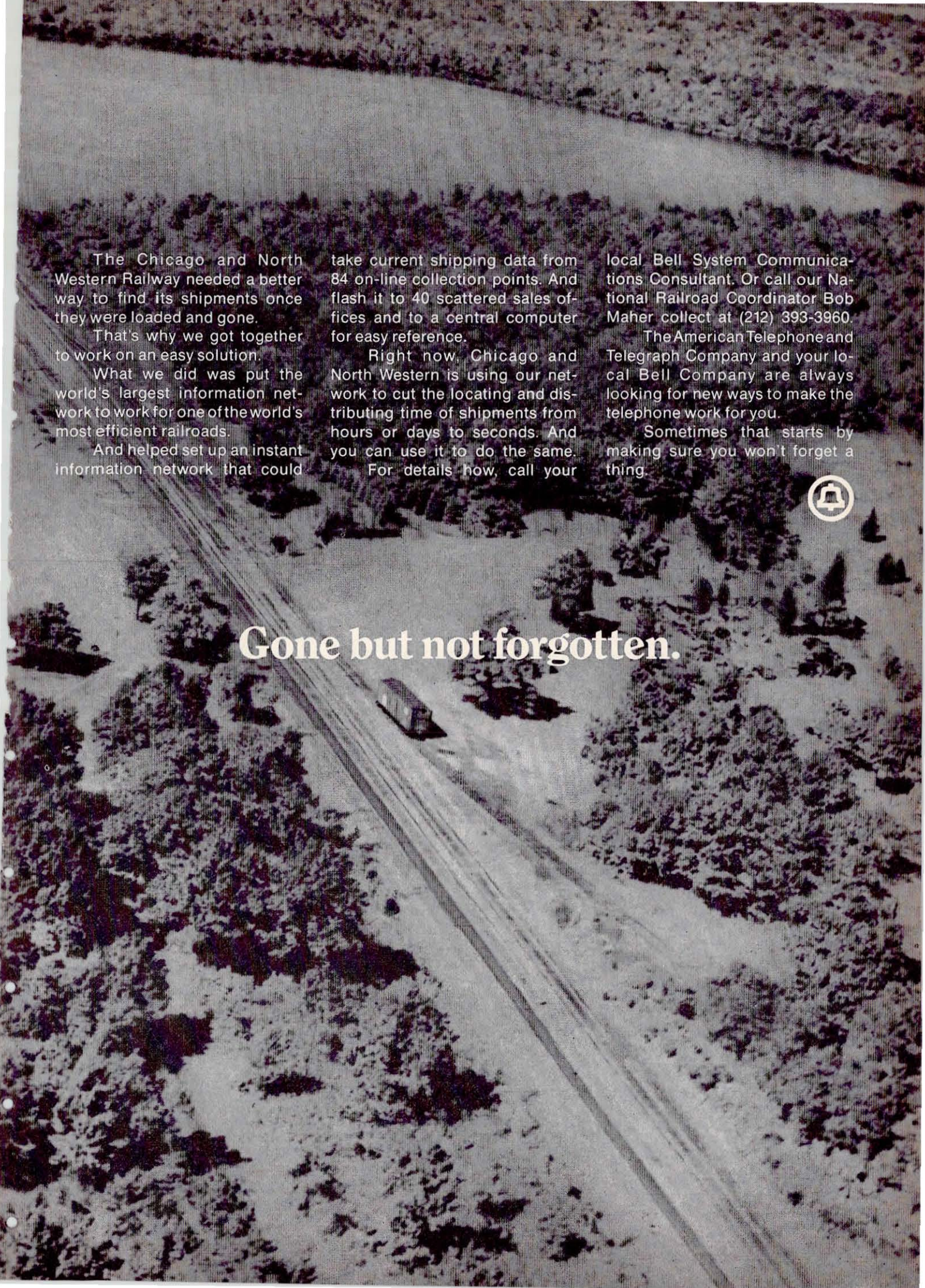
Thus, rules drafted by ICC in 1918 for claims on grain shipments—shipments of the bag-in-box-car style—now may get ICC review with overdue slant on bulk-in-box-car or bulk-in-covered-hopper-car styles.

Specifically, shippers seek answers to these questions: (1) Does publication of limits on carrier liability on clear-record cars (sealed car with no evidence of damage to car itself) shift the burden of proof to shippers; (2) are cars with linings open at the top considered defective equipment or "unusual conditions" that constitute probable cause of loss; (3) may carriers use one weighing rule for loss and damage and another for determining freight charges; (4) may carriers avoid responsibility for materials lost through grain doors solely because shippers applied the doors?

Millions of dollars are at stake, grain men say. In 1969 alone, rails gave 13% of their total loss-and-damage payout to shippers of grain and grain products. But the figure should have been greater, grain men say. Soybean shippers alone, Walters says, collected only 50% of the claims filed.

The Feed Manufacturers Association totals 700 members, and the Soybean Processors Association represents 90% of soybean shippers.

The case is docketed at ICC as No. 35220. The deadline for rail replies to the shippers' complaint is June 30. The next step may be ICC hearing of oral argument.



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For details how, call your local Bell System Communications Consultant. Or call our National Railroad Coordinator Bob Maher collect at (212) 393-3960.

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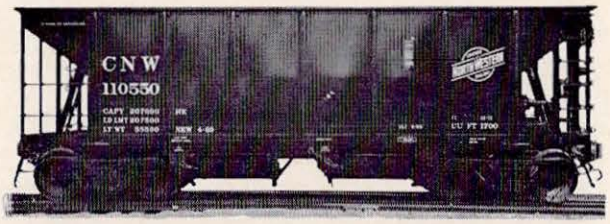
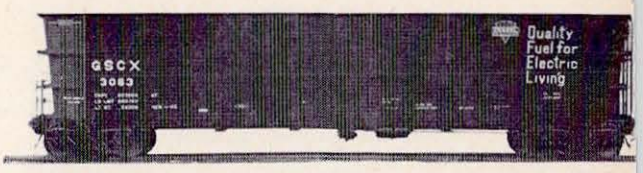
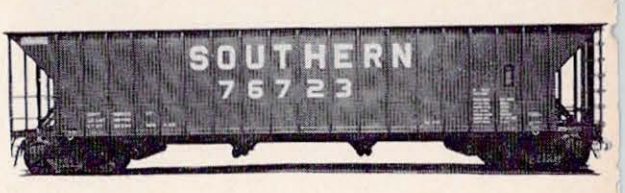
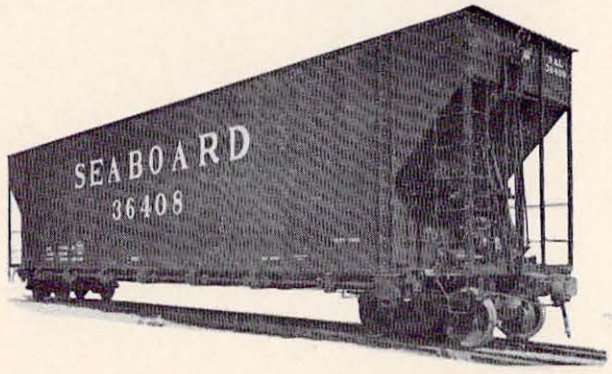
ORE, AGGREGATE AND COAL . . .



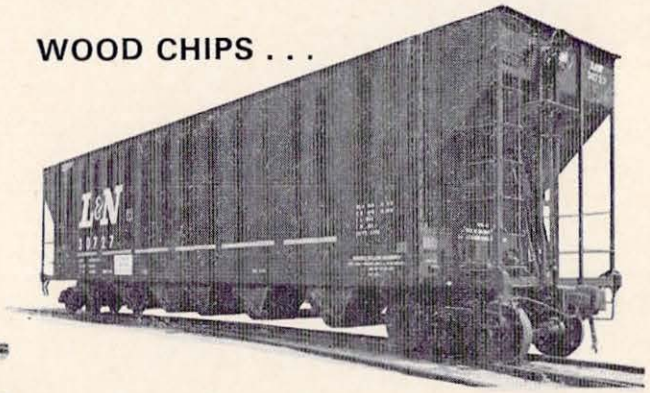


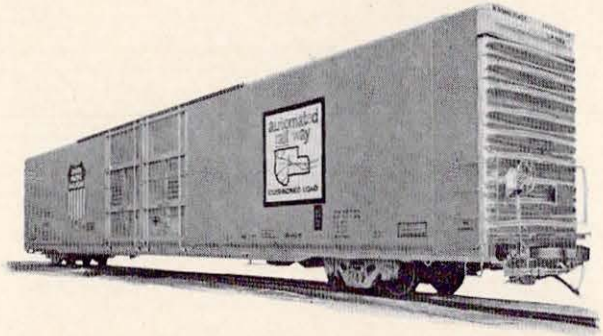


If you think you need special cars to win more traffic in the '70's, you haven't talked to

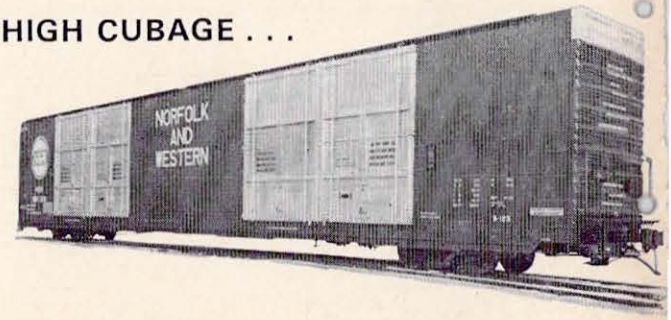


WOOD CHIPS . . .





HIGH CUBAGE . . .



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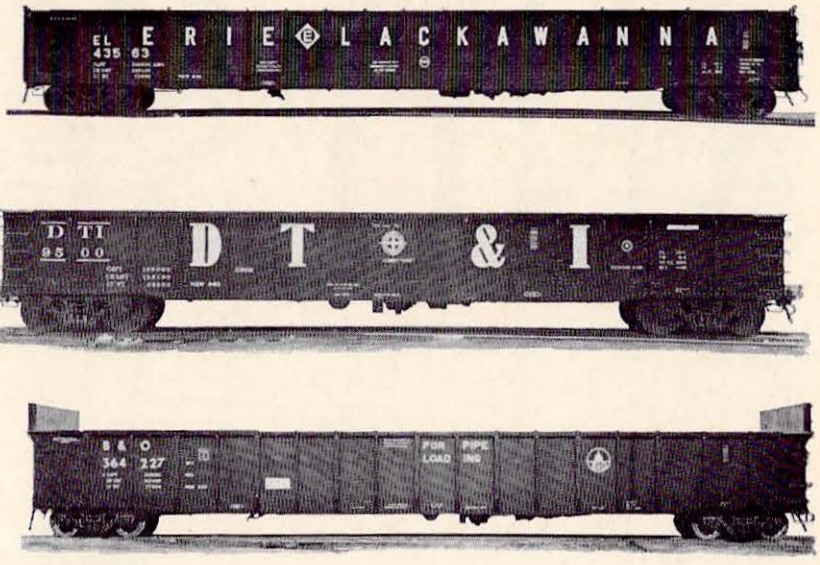
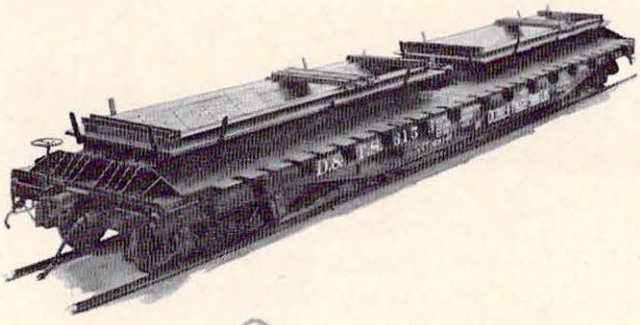
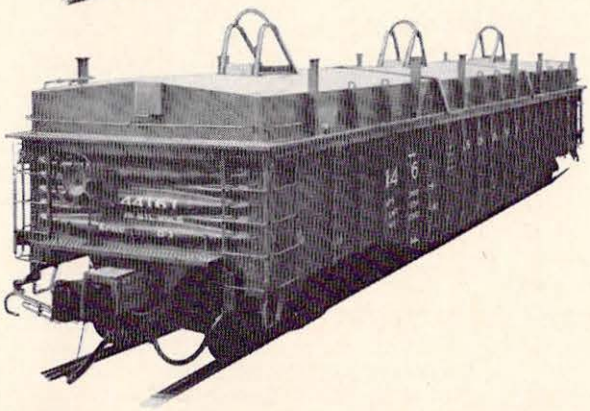
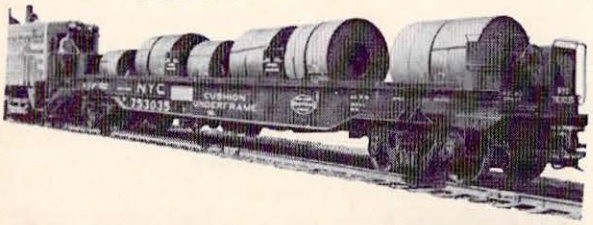


GREENVILLE.





STEEL . . .



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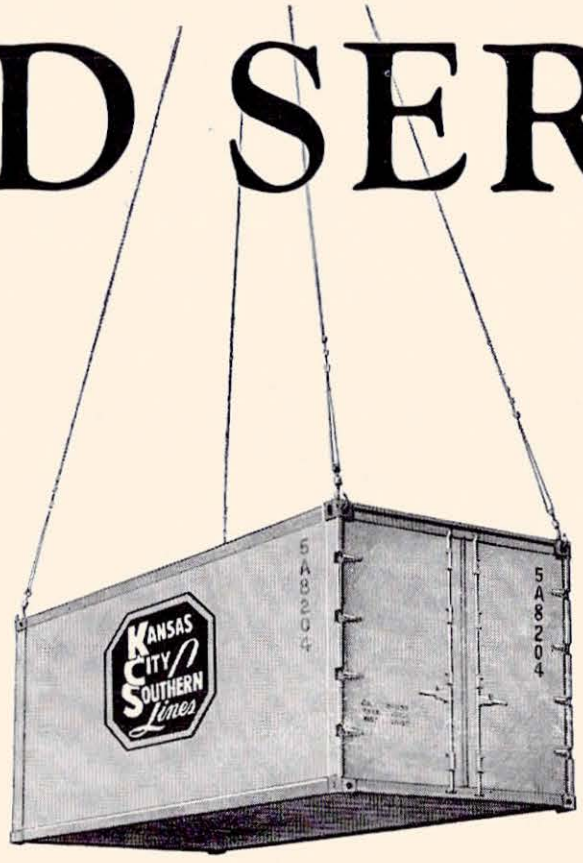

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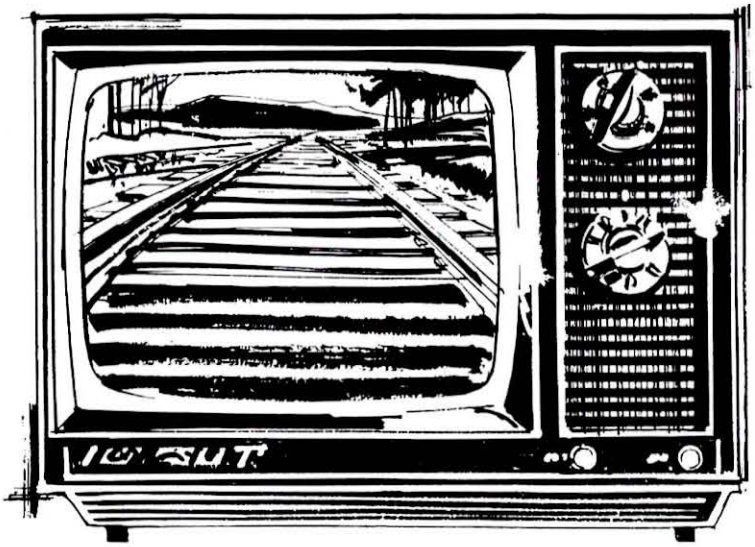

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We decided: when you have more freight than your scheduled train can handle, why run an additional train later? Why not run another train earlier? Especially if dependability is important to your customers. So Advance Trains are commonplace on Frisco. They show up early with your freight—so your delivery won't be late. It's one more thing you do when you aim to be known as "The Dependable One".

†*Late. It's a four letter word at* FRISCO

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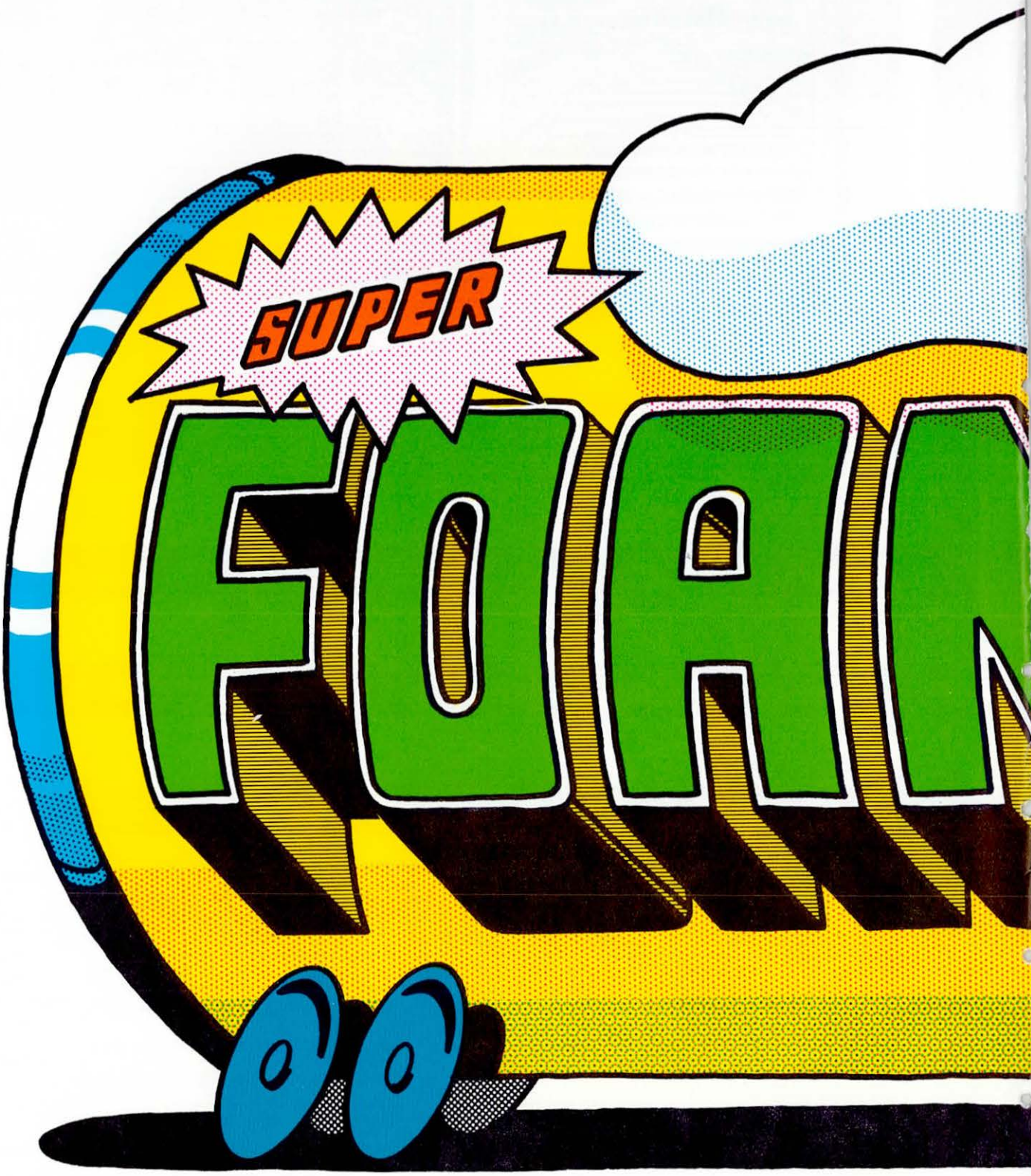
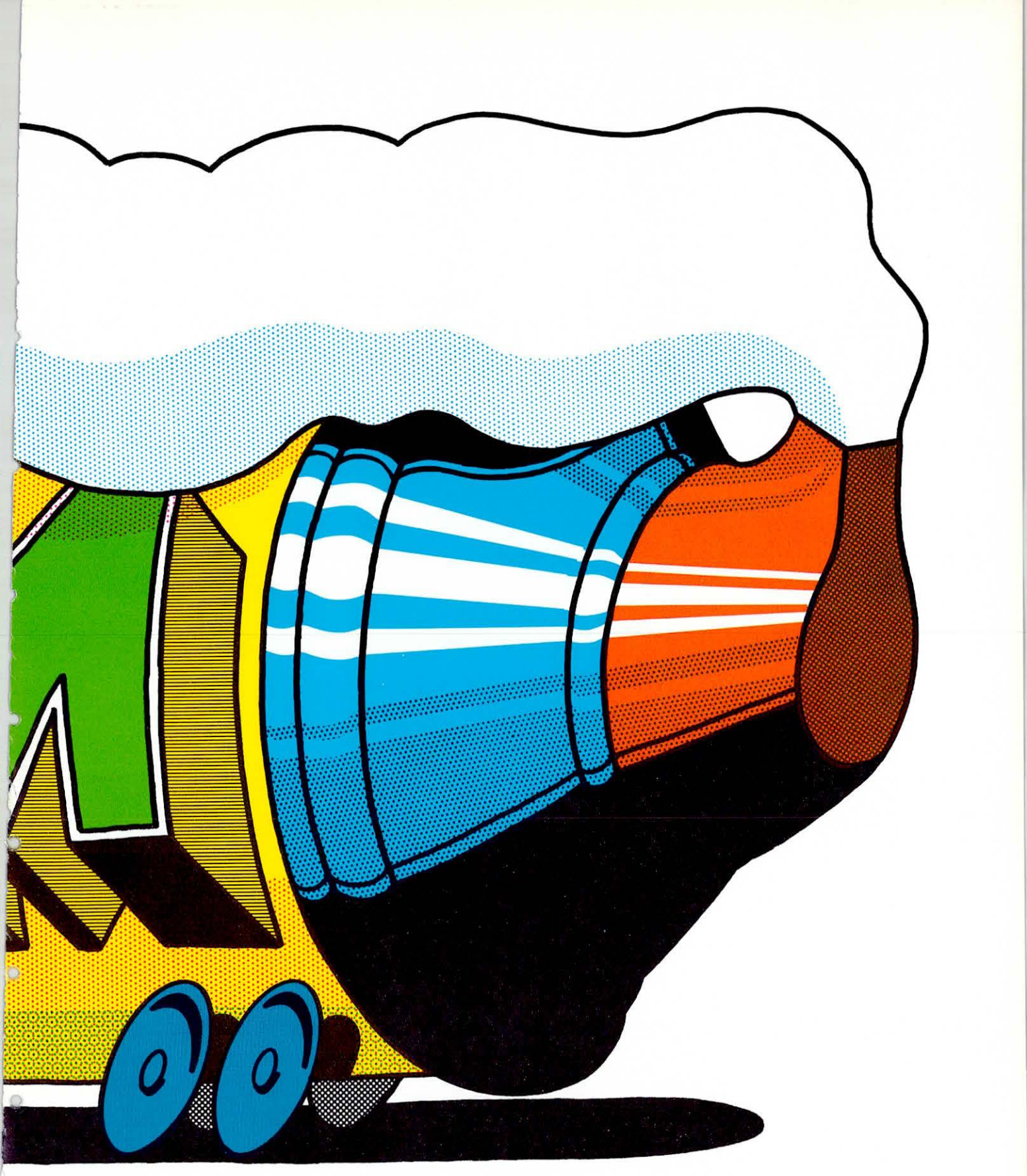


Foam can get you more than a clean, close shave. It can get you an air tight, insulated box car.

The idea is almost as simple as an aerosol can. But the result is an insulated box car that can control temperatures to a variance of 1 degree a day. We first applied the idea to shipping beer. But, with such features as cushioning, side fillers, specialized flooring, and



lading securing devices, Pullman-Standard foamed-in-place insulated box cars are adaptable to a wide variety of uses. The foam-in-place technique requires only half the insulation thickness of older methods. And, our completely new production facility is programmed and engineered to provide excellence in the insulation process. Whether or not you like foam for your shave, you'll like what it does for your box cars. Call us.

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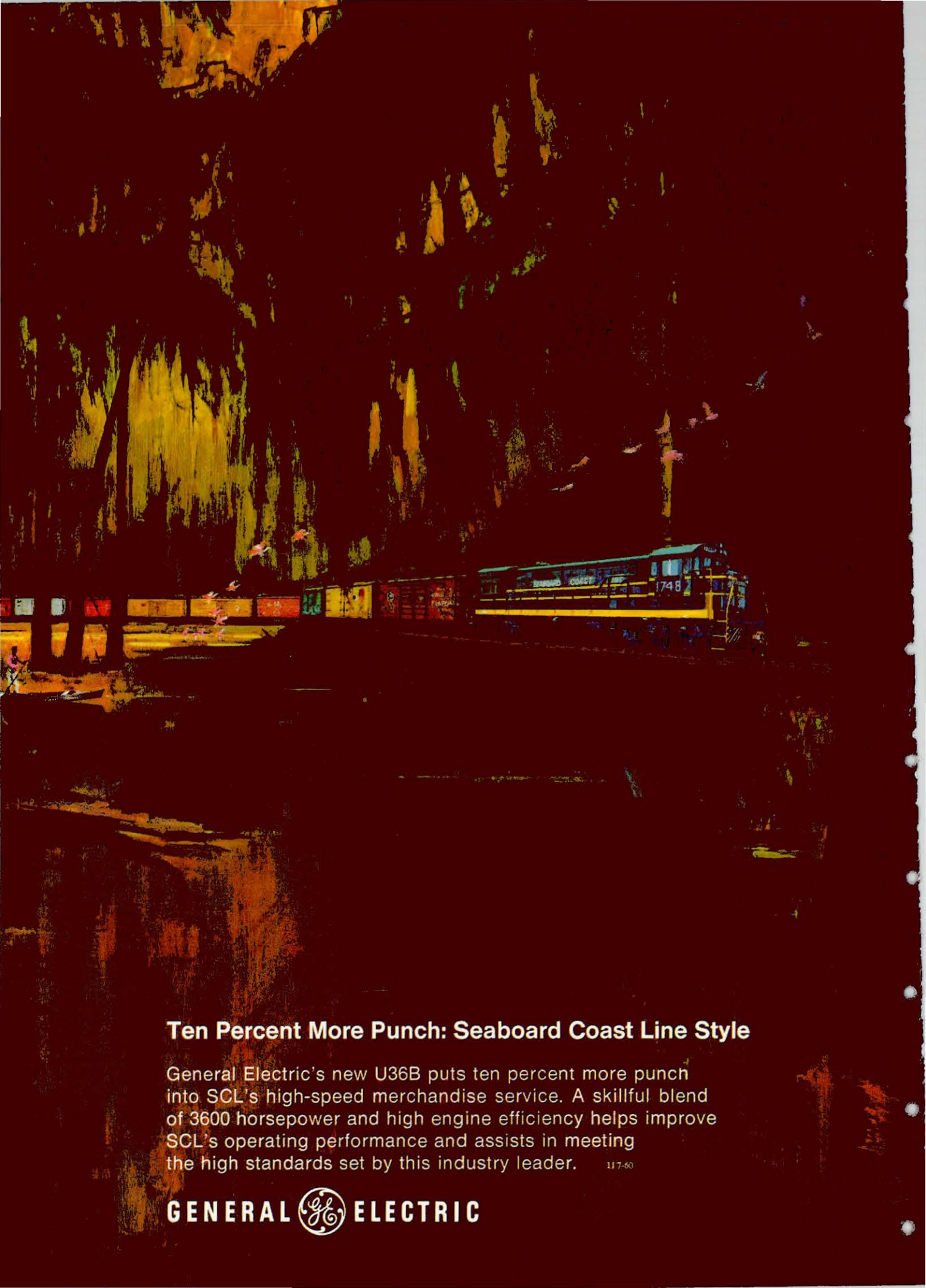


Ten Percent More Punch: Seaboard Coast Line Style

General Electric's new U36B puts ten percent more punch into SCL's high-speed merchandise service. A skillful blend of 3600 horsepower and high engine efficiency helps improve SCL's operating performance and assists in meeting the high standards set by this industry leader. 117-60

GENERAL ELECTRIC

L&D fight: Are rails on target?

Much of the money that goes for the fight against freight loss and damage is as big a drain on rail treasuries as the money that goes for loss-and-damage payout, says a man not known for his reticence on the subject, Otto H. Zimmerman, Illinois Central senior vice president.

That's because much money marked for L&D prevention has no chance whatever of doing any good, Zimmerman says. Instead of the traditional, blame-it-on-the-switchman, rough-handling excuse, Zimmerman (himself a former switchman) says other factors should be considered such as theft, spoiled perishables, schedule delays, derailments and natural disasters.

"By the time you finish subtracting items not at all involved in overspeed switching—or helped by the kind of hardware we have been buying to cure our L&D problems—you realize that there is an unbelievable amount of money spent to cure L&D that couldn't possibly affect a very substantial percentage of the claims", he says.

Adding that he's tired of the conventional wisdom of rails' L&D prevention efforts, Zimmerman says the old thinking not only strikes him as nonsense but it also seems to him harmful "to the extent that it distorts capital investment decisions by operating and sales officers."

That doesn't mean Zimmerman thinks railroads should stop spending for prevention equipment such as hydraulic cushioning, sidewall fillers, bulkhead dividers and other damage-prevention devices. In almost every case, he says, such equipment improves handling, at least for specific kinds of traffic.

"Yet," Zimmerman adds, "how many railroads . . . have tried costing this stuff out? I know of a few cases where such work has been done. One railroad, after three years of testing a certain kind of L&D-prevention equipment, concluded that the investment yielded nothing. It was a straight trade-off of dollars with the shippers involved."

At least, however, the expenditure prevents loss of traffic to a competing mode, Zimmerman says. But, how long that will last is another question, especially in a time of inflation when rail costs rise faster than those of bulk-carrier competitors, he says.

Watching Washington

REID BEDDOW

IN THE SPIRIT OF '76 . . .

Have you heard of the Cambridge Seven? Not hippies, anarchists, vegetarians, or deregulationists, they are a respectable group of Cambridge, Mass., architects who designed the U.S. pavillions at Expo '67 in Montreal and at the current World's Fair in Osaka, Japan. With a group of Massachusetts Institute of Technology students, they have come up with a plan to celebrate the greatest birthday party in history six years from now.

In history? Six years from now? Yes. For 1976 will be the 200th anniversary of the signing of the Declaration of Independence; and if the realization of that approaching date has not yet sunk into consciousness, a forthcoming spate of civic fund drives, historical pageants, Chamber of Commerce meetings, and assorted hoopla will soon drive it home.

The bicentennial is very close to President Nixon's heart. Assuming he will be reelected in 1972, the bicentennial year will be his last full year in office. He, and indeed every responsible person in public life, wants the national celebration of the founding of the Republic to help heal the fractures the body politic has sustained in recent years.

The President has directed that the American Revolution Bicentennial Commission report to him this Saturday, July 4, on its recommendations for federal assistance to any national commemoration. The Commission has already discarded the idea of an international exposition in a single U.S. city, dismaying Boston, Philadelphia, Washington, and Miami.

. . . "BRING US TOGETHER"

The Cambridge Seven have put forward an imaginative proposal that is of great significance to rails, namely the construction of a modern, high-speed rapid rail system from Boston to Richmond as a government birthday present to the nation.

The system would connect expositions and festivities all along the line, and would include a number of smaller cities and historical sites, like Williamsburg, Va., as well. The Cambridge group puts a price tag of $5 billion on their plan, but points out that any single-city fair plan would cost $2 billion alone. The Japanese, they note, built such a system for their Olympics; and everyone recognizes such a train system must be built to ease highway and airway congestion.

They envision the system to have subsidiary benefits such as stimulating new, center-city construction of hotels, restaurants and theatres near stations on the line, which would be linked to both airport and local transportation. Localities, they say could spend their funds not on exhibition pavillions of brief utility, but on cleaning up the environment, and permanently improving themselves in meaningful recreational, artistic, and other ways.

Farfetched? Impractical? Costly? Perhaps. But so must have the idea of the 13 Colonies rebelling seemed at the time.

MANAGEMENT CLOSE-UP: SOUTHERN PACIFIC

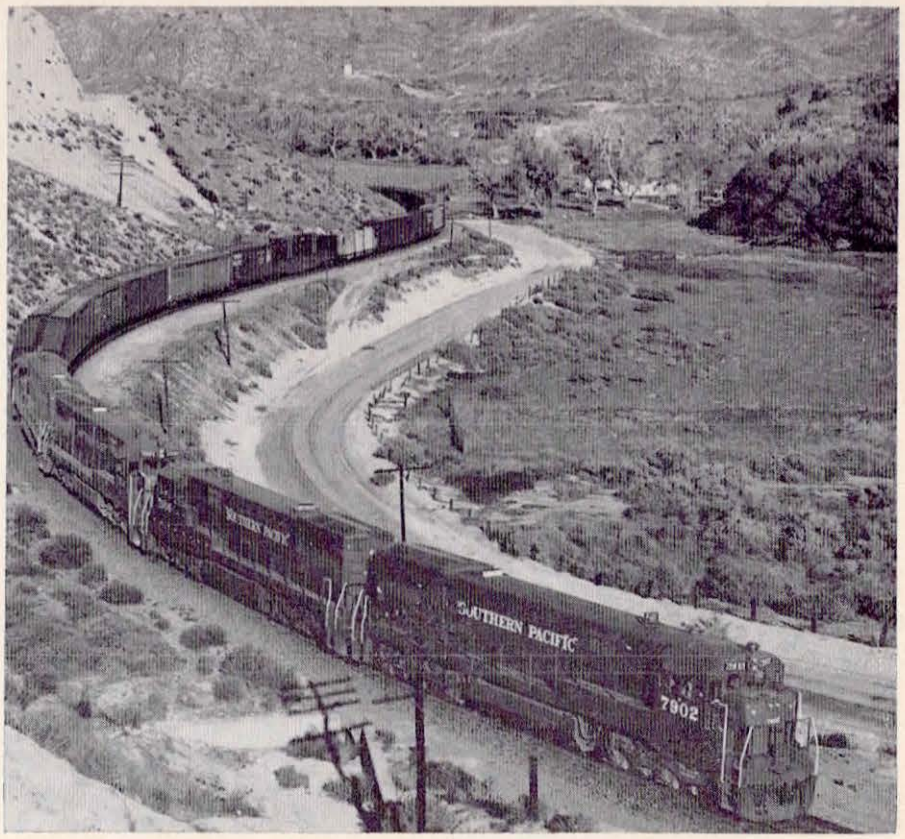
"You just have to be optimistic..."

Southern Pacific: Big but not unwieldy . . . Number one among railroads in profitability, and fighting hard to maintain and improve upon that position . . . Blessed with a territory that is fast-growing and doubly blessed with a top-flight management team.

Southern Pacific: What else is it? It is change-oriented . . . It is total transportation-oriented. And, at the same time, it is not at all pessimistic about the future of railroading . . . It is a believer in freer competition . . . and in the premise that the railroad industry is a lot more substantial than some observers seem willing to recognize.

All this came through clearly in conversations taped early in June between SP President B. F. Biaggini and a cross-section of top staff members, and Railway Age Editor Luther S. Miller and Senior Editor Gus Welty. With Mr. Biaggini were John B. Reid, senior vice president; Alan C. Furth, vice president and general counsel; Robert J. McLean, vice president and treasurer; R. L. King, general manager; and G. E. Farosich, assistant to the vice president-traffic.

(That SP is also research- and technology-oriented came through in talks with P. V. Garin, assistant chief mechanical officer, and W. J. Jones, engineer, m/w and structures. *See page 35).*



In SP-land, railroading is a growth industry.

Q. In various comments earlier this year, you have been reasonably optimistic about the second half of 1970. Do you still feel that way?

A. I'm still optimistic. The country is building up demand in a lot of quarters. This has to result in some upturn in the second half. The depressed condition in the housing market is creating a backlog of demand for housing of all kinds—a natural demand and also a political demand, as minority and low-income groups make their influence felt. We're also building up a demand for automobiles, with sales running 20% to 25% behind last year. In the second half, certainly, we should see an upturn. That optimistic outlook, of course, has to be tempered by the knowledge that there may be a strike in the automobile industry. If there is, it would eliminate production—but it would also add to this demand we're talking about. I'm confident that we'll see a turning up—around the middle of the year or maybe a bit later.

Q. Are you optimistic about the short-range outlook for the industry as a whole? Will the industry weather the current storm?

A. Yes. The industry has weathered worse storms than this. With the completion of some of the mergers on the regulatory table and the development and consummation of some others where excess plant can be trimmed down, the outlook for the railroads should be extremely good. When you look at what's going to happen in the growth of this country, you just have to be optimistic about the future of railroading. We're the low-cost producer for most commodities. We certainly will have to have better plant to handle that transportation demand, and it will prove to be more economical to invest money in rail facilities than it will be to invest in highways or airports to perform that additional transportation service. We can look forward to increases in volume that will make the rail plant more efficient.

Q. How about the first half?

A. We've been experiencing about a 1% increase in revenues, which can be traced back to the general freight-rate increase of last November. Ton-miles have been down 3% to 4%.

Q. How has this affected your planning for capital expenditures?

A. In itself, it doesn't really affect planning for capital improvements. We try to forecast what we need—in cars and motive power and facilities—on an intermediate and a long-term plan. Then we try to follow that plan as closely as we can, making the goods fit the pattern as we have money and financing available. Last year was a record capital-spending year for us, by all standards, at $249 million. Our corporate expenditures for 1970 will be less—not substantially less but perhaps 20% less.

Q. How much is SP spending this year on capital improvements?

"Come on a missionary tour West," B. F. Biaggini advises easterners.

A. The final figure will probably be about $200 million, maybe a few dollars more.

Q. Is the loss of the investment tax credit at least partly responsible for the lower spending figures?

A. You can't always make your decisions on the basis of what the tax situation is at a given moment. We have need for equipment and we have need for facilities. We always have to plan how to meet these needs. The investment tax credit would have been very helpful. Had we been assured that the tax credit would continue, we could have done a much more orderly job of forecasting and planning, in terms of what we buy and how we pay for it. We do have at least a partial offset to the tax credit in the five-year amortization of freight cars and locomotives. Certainly, we will try to do as much as we can with the cash which we have to spend, as long as we have this five-year amortization. When that expires, we're hopeful that something else will develop that will provide new incentive to help the industry renew its fleet of freight cars and locomotives.

Q. Do you believe the industry as a whole is keeping up with its needs in this area?

A. No, I certainly do not. If it were, we wouldn't have freight-car shortages and motive-power shortages. We wouldn't have railroads talking about their need for more money for physical properties. Something has to be done to improve the health and financial condition of the industry, so it can stay abreast of the needs this country has for good, economical freight service.

Q. What specific incentives-for-improvement do you believe railroads need from government?

A. Primarily, tax incentives will do the job, or at least start the ball rolling—particularly if the same incentives are made available to lessors as to owners. You'll find that if a railroad does not have enough of its own money to buy equipment or doesn't have the right kind of credit, a lessor can be found who will furnish that equipment.

Q. Would SP, either directly or through a subsidiary, be willing to expand operations as a supplier/lessor of freight-car equipment?

A. Bankers Leasing Corporation, a Southern Pacific subsidiary, is now functioning as a lessor of freight cars to the industry. Of course, Bankers has to do this on a basis under which we'll get back the money we put into it, plus some profit for the use of the money and the talent that goes into the operation. Bankers is doing very well, now, with about 7,000 freight cars leased out to other railroads and to private operators.

Q. How about government participation in this renewal job?

"An awareness of the true economic value of this country's rail system has to be developed"

VIEW FROM THE WEST: Participants in San Francisco roundtable included (l to r) SP's R. J. McLean, Railway Age's L. S. Miller, SP

A. Sometimes it seems that everybody wants to run to the government. We think the preferred method is through some tax incentive, such as investment tax credit or fast depreciation write-off. The history of government-owned transportation facilities—and there are plenty, including airports, highways, and waterways—indicates that government hasn't relinquished control of these facilities in any way. People who use them are subject to more and more government control as time goes on. I would prefer to see the industry working under a program of incentives that would leave ownership and control of the entire industry—plant and equipment—in private hands. I'm sure that if you have a government-owned freight-car fleet, government will have a great deal to say about when, where and how these freight cars are used. And this may not always be in the best interest of an individual railroad or of an individual group of shippers.

Q. What about the matter of government promotion?

A. Government—federal, state and local—has a proprietary interest in practically every other form of transportation. One result has been a natural tendency on the part of people in government to promote these other forms of transportation and leave the railroads to their own devices. We have not had promotional effort in behalf of the railroads at any governmental level. In fact, quite the reverse has been true. There's been a tendency to suppress the railroads in favor of other forms of transportation where government does have a proprietary interest. We need changes there—a change in attitude, where someone besides myself and the other railroad presidents is speaking up.

Q. How do you develop this kind of support, this kind of attitude?

A. That's the $64 question. It can't be done overnight, or with a short-range public-relations campaign. But an awareness of the true economic value of this country's rail system has to be developed. If the people generally are not prepared to recognize this, you can look down the line to having a government-owned rail system sometime in the future. On the other hand, if we can go forward and impress the general public and, in turn, the lawmakers, with the need for a viable, privately-owned rail system, then we can get where we think we should be.

Q. What forms might industry promotion take?

A. For one thing, it's terribly important to us that the people who make and enforce the laws come and take a look at the big railroad picture—and not just concern themselves with what's happening along the Eastern Seaboard. We sometimes get criticized because we say "Come on a missionary tour West. We'd like to have you on Southern Pacific, but if you'd like to look at Santa Fe or Union Pacific or somebody else, come ahead. Just don't be confined to the intramural sport of looking at the Eastern Seaboard."

Q. Is the industry making progress? Do you think, for example, that the present AAR campaign that you and other railroads are supporting is in the right direction?

A. I think the program is doing some good in making the general public aware of the importance of railroads to every level of economic activity in the country. But we really have to swing the pendulum all the way from one side to the other, because the public's awareness of railroads has generally been related to passenger service. The advertising programs of the individual railroads are having an effect, too. I think the speeches we make, where we speak out on the problems and the opportunities in the industry, have some effect. We just have to continue to try to reach a broader audience.

President Biaggini, RA's Gus Welty, SP's A. C. Furth, J. B. Reid, R. L. King and G. B. Farosich.

Q. The federal railroad administrator has proposed study of the merging of rail facilities at major points into an airport-like complex, with airport-like financing through municipal bond issues and funding through user charges. Do you find merit in this idea?

A. We haven't seen the administrator's plan. But after all, we're talking about a competitive industry. A railroad system can offer a better competitive service if it operates on its own facilities; otherwise, you get a situation where everybody's business is nobody's business. One of the great faults throughout the Midwest, and the East, is that you have large terminal companies owned by everybody. And it's almost impossible to get a carload of traffic through those points—St. Louis, Kansas City, Chicago. You ask where the bottlenecks are, and I'll show you a big terminal facility that's owned by a group of railroads. Certainly, a lot has to be done in improvement of terminal facilities. But if railroads would think more in terms of improving their own facilities and services and less of how they're going to unload these burdens on someone else, we'd be better off.

Q. Proposals have been made for sale of the fixed plant to government, with a lease-back by railroads . . . .

A. I really hate to see people despair, and think in these terms. I don't think we have to do this to maintain viable rail transportation. I don't think the government *wants* either the expenditures or the problems that go with running the rail system. Everything we do is more efficient and produces lower-cost transportation than you find on any state-owned rail system anywhere in the world. Look at any of them. They're all big losers. They don't have the quality of freight transportation that we have. They've become social instruments, in employment and in the performance of a lot of passenger service. Of course, you can't question their judgment from here, because in their countries it is probably something they need.

Q. How about DOT and FRA generally: Have they lived up to your expectations?

A. FRA has been pretty badly underbudgeted, to get anything done. The great areas in which DOT and FRA can be of assistance are in the assumption of a promotional role and in the development of research programs. There's a great field for scientific research and development on the railroads. But what do we find? Well, for one example, we find the government spending billions of dollars on the development of air transport. Practically every major development in airplane design has been the result of a huge government investment. We haven't seen anything at all like that in the railroad area. We've tried to go along on our own. We have our own research programs on SP, of which we're very proud. But there's so much more that could and should be done. There should be some opportunity here for government to invest in the future of a sound railroad system.

Q. What is ASTRO [America's Sound Transportation Review Organization] going to do, in this regard?

A. ASTRO is going to focus on these problems, and will make a number of recommendations to cure the immediate problems of the railroad industry. I think you'll find it will be the best thesis on that subject that's been written in a long time.

Q. What do you see as the real role of the railroad?

A. It's absolutely essential to the future of American industry to have low-cost, dependable rail transportation. But as rail transportation deteriorates, the customer is forced to find alternative ways

A big earner, SP is also a big investor in equipment and plant

of moving his goods. In many cases, these alternatives are more expensive. This leads to an increase in cost to the consumer, and it certainly affects the country's position in the international market. American industry faces two major cost disadvantages in competing in world markets: The rapidly increasing labor cost in the United States; and the cost increase that comes if producers are forced to more expensive forms of transportation. I, for one, just don't think we can go on without having a substantial position in international trade.

Q. You've talked about what amounts to a total deregulation in transportation, in which railroads and other forms would fall under the same laws and standards that apply to all business. What would happen, in your view?

A. If we could get rid of the barriers to intermodal ownership, you would see the development of large transportation companies offering the user whatever type of transportation he wants. I don't visualize that these would all be *operated* under one roof, but they would be under common management. The people who sell transportation could then offer the user a choice. This would give the integrated transportation company the opportunity to perform a much more valuable service for the customer. Besides being a producer of transportation for him, the company could be a transportation consultant and advise him on the best way to handle his traffic. We could do a better job than we now do in plant location, too, if we knew we would be able to provide rail or truck or waterway or air service or a combination.

Q. How about price regulation?

A. We should have the opportunity to adjust our prices up or down to be responsive to demands for transportation service. In many cases we would want to reduce prices. In other cases, certainly when we get an across-the-board wage increase, there is no reason why we should have to go through the lengthy procedures that are involved now in getting freight-rate increases. We should have the ability to adjust our prices up or down with changing conditions—market conditions, carrier competition, the price of labor, things of that sort. It would be beneficial to the economy as a whole if we were able to do that.

Q. How about the present situation on rate matters?

A. You can start with the fact that the railroad industry loses hundreds of millions of dollars forever, because of the timelag between wage settlements and rate increases. Over the past 10 years or so, this loss for us adds up to a staggering amount of money. You can imagine what the plant and the freight-car fleet might look like if we had received that money. There's an internal aspect to rate problems, too. Some railroad people act like they were raised in an eleemosynary institution. They keep saying "You can't raise those rates—those fellows are big shippers," or "Sure, let's raise rates, but not on *my* big commodities." So it's not just the regulatory lag we have to contend with. We also sometimes have to bring our own independent friends into line.

Q. Under the ways in which rates are made now, there isn't much rate competition between two roads operating between Point A and Point B. Is SP saying that this should not be?

A. We're not saying that we shouldn't have this situation. But if we didn't have it, we would certainly learn to live in the new situation, too. Railroads would be taking the same chances in the free market that the automobile companies or the people who make washing machines take. We would learn, for instance, that there are some areas in which we couldn't compete—and then we wouldn't try to compete there. In other areas, we would find we had natural advantages—and we would take advantage of them.

Q. On the question of money: The industry has its poor relations, who have great problems in raising money for improvements now. Under this freer competition we're talking about, what happens?

A. The same thing that happened to the Studebaker and the Edsel. There is far too much railroad in the Midwest, for instance. There are thousands, maybe tens of thousands, of miles of track that could be taken up. Then, service to the public could be improved because what's left would be able to support itself. It surely doesn't do anybody any good to have three broke railroads competing for a carload of business.

Q. Are you concerned about the situation in the East?

A. We have to be. Even though we are many different companies, we are also an integrated rail system. The failures or disabilities of any parts of this system affect the health of the whole. We all have to support the things that will help the weaker roads. By that, I don't mean preserving the independence of the weaker roads at all cost. That is not what should be done; perhaps even some railroad reorganizations would be desirable in the present set of circumstances. Certainly we need encouragement from government and the public to go ahead with mergers that will help make the plant more efficient. And, of course, we need help and understanding from labor in modernizing work rules to fit a truly efficient rail system.

Q. In the East, especially, you still hear talk of nationalization. Do you think this is a real possibility?

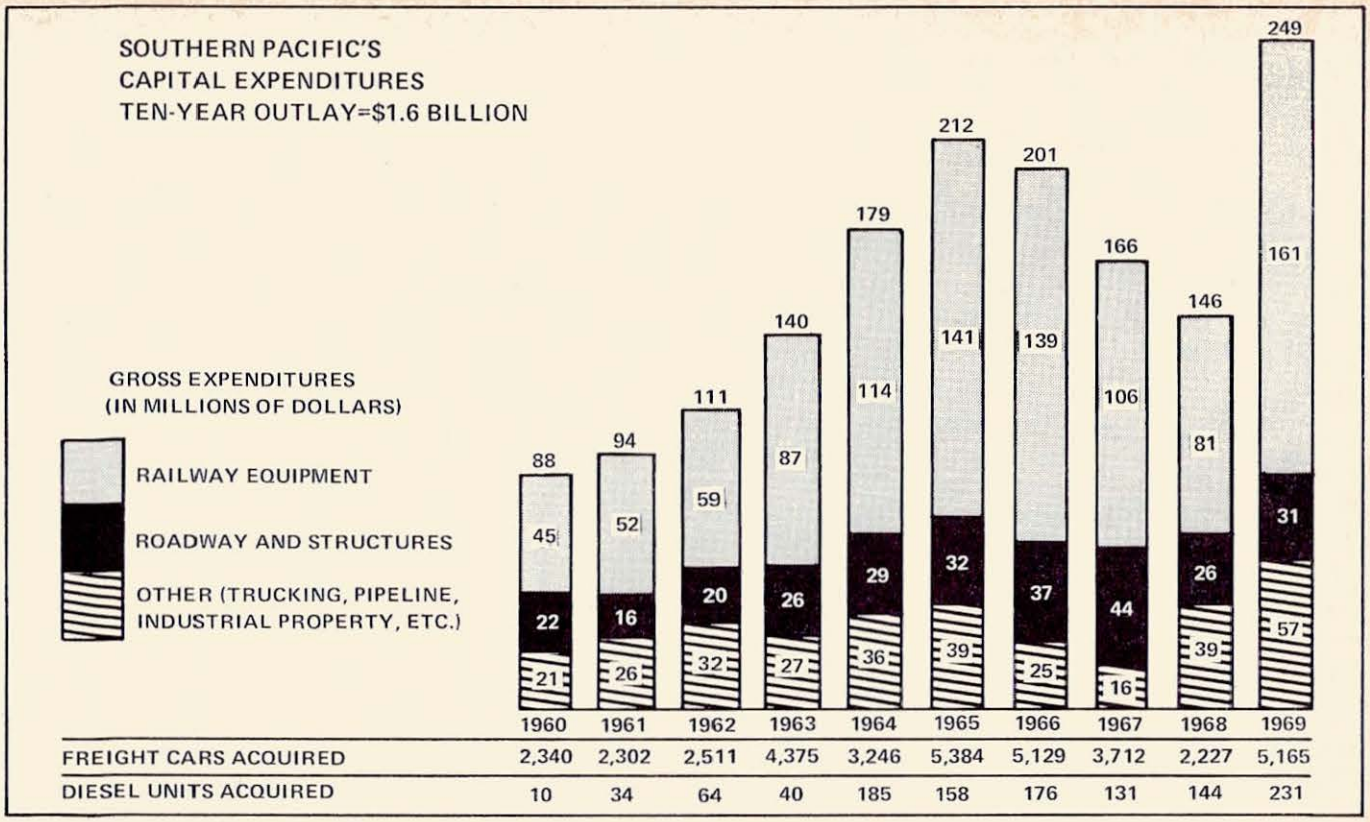
A. Generally, this talk revolves around the quality of commuter service in the New York area. This relates to something that's burned me up for many years, namely the view that many writers and analysts have of the railroad industry. They've simply viewed the industry through the dirty windows on a bankrupt eastern commuter line. They're late to work so they issue a "sell" recommendation on rails generally. There's a little myopia there that can only be cured if these people could get out of the New York area once in a while. There's no reason why railroads have to be nationalized to take care of future transportation needs. Without commutation problems and losses on long-distance passenger service, you wouldn't hear much talk about nationalization.

Q. But what about these commuter-related problems?

A. Local transportation is a problem which should be met locally, by the formation of authorities or development of contracts between the transportation agency and the government, local or county or state.

Q. There's been some encouragement in the way the U.S. Supreme Court looked at the Burlington Northern merger case, and with the way the merger has been carried out so far. But then you look at the tangle of the Rock Island case. . . . .

A. If the regulators and the Supreme Court can approve Penn Central and then the Northern Lines, they pretty much have to approve any merger that comes along. I don't look for any judicial variance, at least, in the Rock Island case. I think the Union Pa-



cific/Southern Pacific case now before the Commission is one that's beneficial, and it should be approved. What happens in the total midwestern situation is something that has to be developed beyond the Rock Island case.

Q. SP is dependent upon connections for a direct route to the heart of the Midwest, and its route from the Northwest through California and the Southwest to the Midwest is rather circuitous. If we accept the present single-line routes between the Midwest and the Pacific Coast and if we assume a consolidation of plant in the midwestern territory, will SP be hurt?

A. I'll bet we won't be. Everybody likes to daydream, and remake the railroad map, and certainly a lot of remaking has to be done. But in the part of the country where we are, we have done the kind of job in cleaning up surplus branch lines that still needs to be done in the Midwest. I'm hopeful that out of this merger pattern we will see a substantial elimination of duplicating services in places where the railroad map looks like a spider web. This is all part and parcel of the same thing. If you can get rid of the losing propositions, to the point where there's a return on the remaining operation, then your worries about financing the needed improvements in plant, in terminals, in equipment, will be much less.

Q. Is there a paradox, in that the industry is pushing rail transportation as the low-cost medium at the same time it's pressing for common ownership and emphasizing the intermodal approach?

A. I don't see that there's any real conflict. There are certain commodities moved by, and certain services performed by, one mode better than any other in almost every case. Passenger service, of course, is performed in a superior manner by the airlines, and the airline is the low-cost producer. There's no question that the truck is the better way to move goods 15 or 20 or 50 miles, or maybe 250 miles, depending upon what the commodity is. Pipelines and barges show certain advantages. Some forms of transportation can do a better job on certain commodities than others can—and the railroad happens to be the one that fits into the largest category, especially over longer distances. Two-thirds of intercity freight movement should be performed by railroads, including the increasing traffic that TOFC/COFC will be providing.

Q. How important will TOFC/COFC be?

A. Piggyback's share of market, I would guess, may someday hit between 15% and 20% of total rail traffic.

Q. How important is import/export traffic in this context?

A. We serve 31 ports on the Pacific and Gulf coasts. Import/export traffic is getting bigger all the time. We want to help it get bigger—in both directions, and not just in the import direction.

Q. What possibilities do you see for meaningful reform in the labor-relations area?

A. We're not unique among industries in having high labor cost and an element of make-work and we ought to remember that. I admit that's not much comfort, but it is a fact. We need to improve somehow the productivity of railroad labor, particularly in the operating crafts. We've done pretty well in maintenance-of-way and maintenance-of-equipment, in mechanization and modernization. We continue to do more in those fields. But the basic 100-mile day and the separation between yard and road work are simply things that still inhibit the productivity of the work force. We must do something, through negotiation or otherwise, to let the individual in train service produce the kind of transportation that today's rail plant is capable of letting him produce. That means an increase in the number of miles per day, and the ability to run through terminals, to name two things. We're going to get reform by continuing to negotiate for it and by being willing to share some of the benefits with the

men. You know, we not only impose artificial restrictions on the work day, we and the organizations also put limits on the amount of money an individual can earn. There's no reason why we should put mileage restrictions on engineers or trainmen. We ought to give those fellows the benefit of a modern transportation plant, and let them get rich.

Q. Do you think this can be done through negotiation?

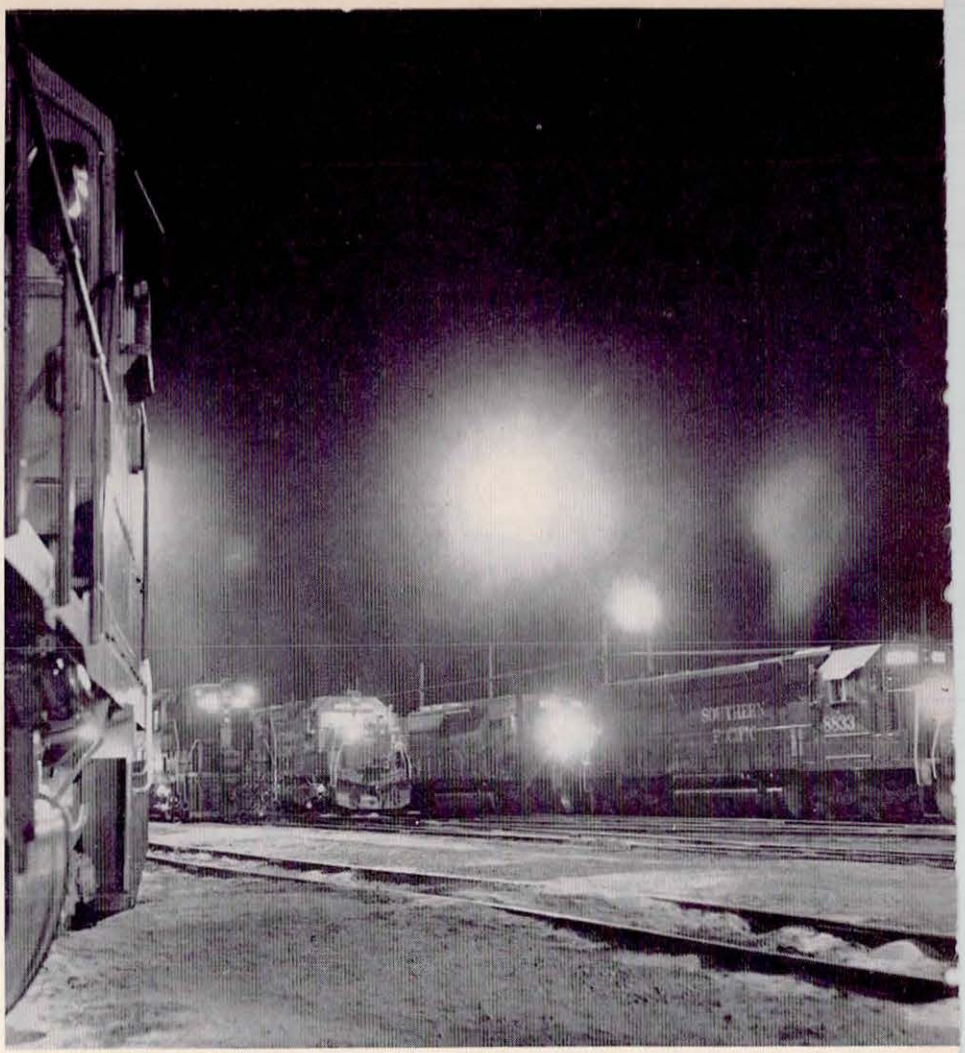
A. I hope so. We run into a conflict in the way the labor people administer the organizations, in that they are interested in membership. They don't like to do anything that cuts down on the work force, because it reduces the membership. But it would seem to me that the individual member would be more appreciative of a system which would let him make more money.

Q. What response have you had from the organizations on the locomotive and train simulator program?

A. It's too early to judge all the response, but I think the attitude is good. We had some problems in the assignment of the first class. There was some apprehension that some of the rules were going to be changed. But when they got assurance that this would not happen—in fact, we made favorable changes in the rules for promotion—then the resistance disappeared. We think the simulator program is a very progressive step. It ties in with an overall remodeling and revamping of training programs in almost every area. We've just concluded that the old way, where people simply learned their trade by osmosis, isn't good enough to get the job done under today's conditions.

Q. In your own contacts with people in the organizations, are you encouraged to any degree by their outlook?

A. You should never try to say what another man thinks. It seems to me, though, that if union officers at all levels are interested in seeing that their people have a good place to work, with reasonable stability to their jobs, and that they will be well paid, then it is just as much in their interest as in ours to try to go forward together on programs that will be for the over-all health of the industry. We expect always to have to bargain about wages and working conditions. That's the name of the game. These fellows represent the men, and they have got to do the best job they can for them. On the other hand, I'd hope that they would be broad-minded enough that when we propose things that are for the over-all health of the industry, to enable it to stay competitive, we'd have their support.



POWER FLEET of SP has been boosted by addition of 1,173 new units in last 10 years.

Q. How are relations on the property, between SP and its people?

A. Excellent. I think morale is high, and relationships with the local chairmen of all crafts are outstanding. I don't think they've ever been better.

Q. Which indicates, perhaps, that the employee takes a certain pride in working for a winner—and SP was Fortune's No. 1 profit-maker among transportation companies last year.

A. I think there's something to that. I know that our men have pride in getting over the road. They are just as unhappy when something happens to delay them as the chief dispatcher and the superintendent are. There is this, too: We hear more and more from young people who are seeking employment with SP because they have been made aware of SP and what it's doing. What you say is true. The fact that the company has been reasonably successful does attract people, and it does sustain morale.

Q. Do you see any future at all for passenger service?

A. In some limited, high-density areas, say between Washington and New York. There, this country ought to go first-class. The New Tokaido Line is highly efficient, and we ought to have that kind of operation between Washington and New York if we want high-speed corridor service in the U.S. But look at what was spent in Japan. What we've done instead, thus far, is to spend a piddling amount on a patchwork, make-do job.

Q. Will SP be an enthusiastic partner in the proposed National Railroad Passenger Corporation?

A. We always have to look at such things from two standpoints. Our own is that the long-distance passenger business is dead, and we ought to give it a decent burial. The other is that there are railroads which have a serious passenger problem, and I'm thinking

specifically of Penn Central. Some relief has to be secured for railroads with these very expensive, losing, passenger services. If the NRPC turns out to be the way to do it, we'll support it for the over-all good of the industry. I think that after a few years of operation, however, the National Railroad Passenger Corporation would come to the same conclusions that we have about long-distance passenger business. And it's just as wrong for the taxpayers of the United States to support a service that isn't needed as it is for the Southern Pacific or the Santa Fe or the Union Pacific or any other road.

Q. SP has a deserved reputation as an innovator. Let's take one major area you've been exploring, electrification. What do you see here?

A. We've had continuing studies, for many years. As you know, we have a major study in progress now. When we get to the point where electrification on certain routes becomes economically attractive—because of volume or speed requirements or other circumstances—and when the rate of return is attractive in comparison with the rate of return on other projects we might undertake, then we'll look seriously at electrification. Until then, service demands—the need for more freight cars, for example—represent a more attractive investment.

Q. What are your hopes for Vert-A-Pac?

A. It was designed as a means of providing damage-free movement of the new sub-compact car that General Motors will soon market. By being able to carry 30 of these automobiles in an 89-foot car, we are able to make some rate adjustments that make it possible for this car to compete, from a transportation standpoint, with Volkswagen and the other small imports. This is important from a balance-of-payments standpoint. It means a lot more than just what it can do for Southern Pacific or the railroad industry, if American manufacturers can recapture some of the import car market. So far, GM is the only user, but we're ready to expand the concept. If Ford and Chrysler want Vert-A-Pac cars, they're available. The use of this equipment is not limited to GM assembly plants.

Q. How many Vert-A-Pac cars are you acquiring?

A. The total is 141, all from the same builder, ACF/GSI. There is a pool set-up, with Southern Pacific providing approximately 119.

"We're trying to analyze what goes on between equipment and track. . . ."

W. J. Jones

"The electric utilities are beginning to realize that railroads are very attractive."

P. V. Garin

SP's technologists tackle track and equipment problems

The railroad is shopping at home and abroad for new answers to the old problems posed by equipment/track relationships.

The technology of tomorrow's railroads will be a complex thing. It will require a systems approach—not the piecemeal approaches which have characterized the application of new technological concepts in the past. If tomorrow's technology in any operational area is to work properly, advances in all technical fields—mechanical, engineering, signaling, communications—must come in parallel.

Nobody knows this better than the technologists at Southern Pacific. It was from two of these men—P. V. Garin, assistant chief mechanical officer, and W. J. Jones, engineer, maintenance of way and structures-system—that Railway Age got a sharp focus on the future, with emphasis on the equipment/track environment, the development of new motive power and power systems, and the means through which research and development might be more effectively carried out.

SP's typical approach to problems could be summed up in a word: Attack. And in the broad problem area of equipment/track inter-relationships, SP is attacking on several fronts—at home and abroad.

At home, the road has set up a special task force on the interaction between vehicle and track. Abroad, Southern Pacific is working with the Japanese on dynamic studies of this interaction.

Jack Jones puts the problem bluntly: "We must have a better understanding of the direct causes of the difficulties we're trying to eliminate. On derailments, for example, until recently we've tried to single out an exact cause and place blame on a particular part of the whole—track and roadway, equipment, train operation. Quite frequently, we haven't had the facts at hand to make a proper and accurate evaluation.

Until we learn more about the causes of trouble, we're not in position to prescribe a proper cure."

SP's own task force is beginning to provide some of the answers. Paul Garin describes the overseas effort this way: 'We have engaged the Japanese to

A cool, but methodical, approach toward electrification

make a study of the AAR standard freight car truck, in a very elaborate facility in which they can actually make dynamic studies of entire cars."

There is no such facility in the United States, although, Garin notes, DOT is working to get one established.

What may come out of the tests in Japan? Says Garin: "We hope to develop an analysis of the present freight car truck, to see what is required of it to meet future demands to improve the ride qualities between car and track, thus adding to the protection of the lading and extending the life of the car and track structure. This," he adds, "is the type of work we think will be of benefit to the industry as a whole."

Jack Jones also notes overseas developments in describing the work of SP's task force: "In this, we are not looking specifically at the equipment or the track. We're trying to analyze what goes on between them, and what's necessary to make the two live together. Things like wheel contours have never really been studied. For example, the Japanese have found that if they match their wheel and rail contours they can improve operations materially."

While SP is moving ahead, Garin and Jones agree that this is the kind of research which might better be done on an industry basis.

Jones points out that R&D in the track-and-roadway field needs improvement for several reasons. Individual railroads, he says, "have been a bit hesitant in pioneering in this area because of the huge expense involved." Mechanization and new designs in track maintenance equipment, he says, came about through ideas furnished by the rail industry and through inventiveness and initiative on the part of equipment manufacturers. "Now, there's not just a desire but an absolute necessity for looking at the foundation upon which this equipment is operating."

Citing the Japanese experience again, Jones notes that they have made a centralized effort in R&D.

Paul Garin draws upon European experience: "It's interesting if you consider how their research effort operates. They have the Office for Research and Experiments, which is a part of the UIC. ORE is financed by the member-railroad administrations. It sets up projects, and each one will be assigned to an administration under a task force approach. The administration that does the work is reimbursed. And the work is for the good of all. Each survey is made once—and there is no duplication of effort."

This system, Garin says, is one that is being explored by the AAR. And Garin, for one, thinks it's a logical system: "If there is a specific project like the interaction between vehicle and track, let the AAR sponsor a project on a specific railroad, out of the research funds of the Association. As it has been up to now," he reflects, "individual railroads have more or less had to do their own work on their problems —even though they were really industry problems. I think there have been six or seven separate studies on rock-and-roll problems. Each one duplicates the other. Why can't they all be brought together into one final investigation—that would solve the problem?"

In addition to the look the AAR is taking at a centralization of research, one other current project draws a nod from SP's people. Jones cites the upcoming DOT/Santa Fe test-track project with hopeful expectations.

Of all technological areas in which SP is involved, however, the one that seems to provoke the most interest is motive power—and specifically, the possibility of electrification.

Paul Garin ranks right along with John Barriger as an exponent of electrification. But he and SP are taking a cool and methodical approach.

SP is looking at about 800 miles of mainline electrification, between Colton, Calif., and El Paso. Installation cost plus acquisition of motive power and required changes in other fixed facilities would run the total price tag to many millions. A decision on electrification is obviously one which SP will not easily make.

At this point, the story is this:

—SP has been working with utilities and BICC, an English company with world-wide catenary-construction credits, which was retained by SP and South-

(Continued on page 49)

Track structure: No revolution ahead

Talk about tomorrow's track structure with Southern Pacific engineers, and you get evolution, not revolution.

SP people, for instance, don't see a big future for metal-tie construction, except perhaps in "inexpensive spur or industry track use." Insulation would be one problem, they say. Maintenance would be another.

As for the continuing debate between wood and concrete, SP says:

"So long as the wood tie continues to be available at a competitive price, we will use the wood tie—with all its flexibility and other inherent advantages. But if the price of the timber tie continues upward and if the price of the concrete tie decreases, then economic conditions may dictate some use of concrete tie."

The problem with diesel-hydraulics

"The operation was a success," one Southern Pacific mechanical officer declares. "But the patient did die."

So, SP describes the noble experiment with diesel-hydraulic motive power, German-built and U.S.-built.

Upon reflection, SP people say this: "We had an example of European design and maintenance philosophies vs American. The hydraulic transmission was an excellent piece of equipment, which we think would be very practicable for U.S. operation. The trouble with the German units was in the lightweight, high-speed diesel engines. They were excellent little engines, but they had one serious shortcoming: They were very difficult to maintain.

"American service requirements demand machines which can be maintained quickly and simply; our locomotives must be placed back into service fast. The European philosophy is different. They run power so many thousand kilometers and then take it out of service whether or not it obviously requires work. In American operation, a unit may be called for its next trip before it's in from its previous one. We need short trunaround time, to get maximum utilization. The Euorpean demand on power is less.

"Take one example: If you wanted to change an injector—a simple job on a domestic unit—you virtually had to take apart the top structure of the engine on the German units to get at the injectors. From a maintenance standpoint, they just didn't work out. While we've retired all of the German-built units, our three domestic diesel-hydraulic units are still in service."

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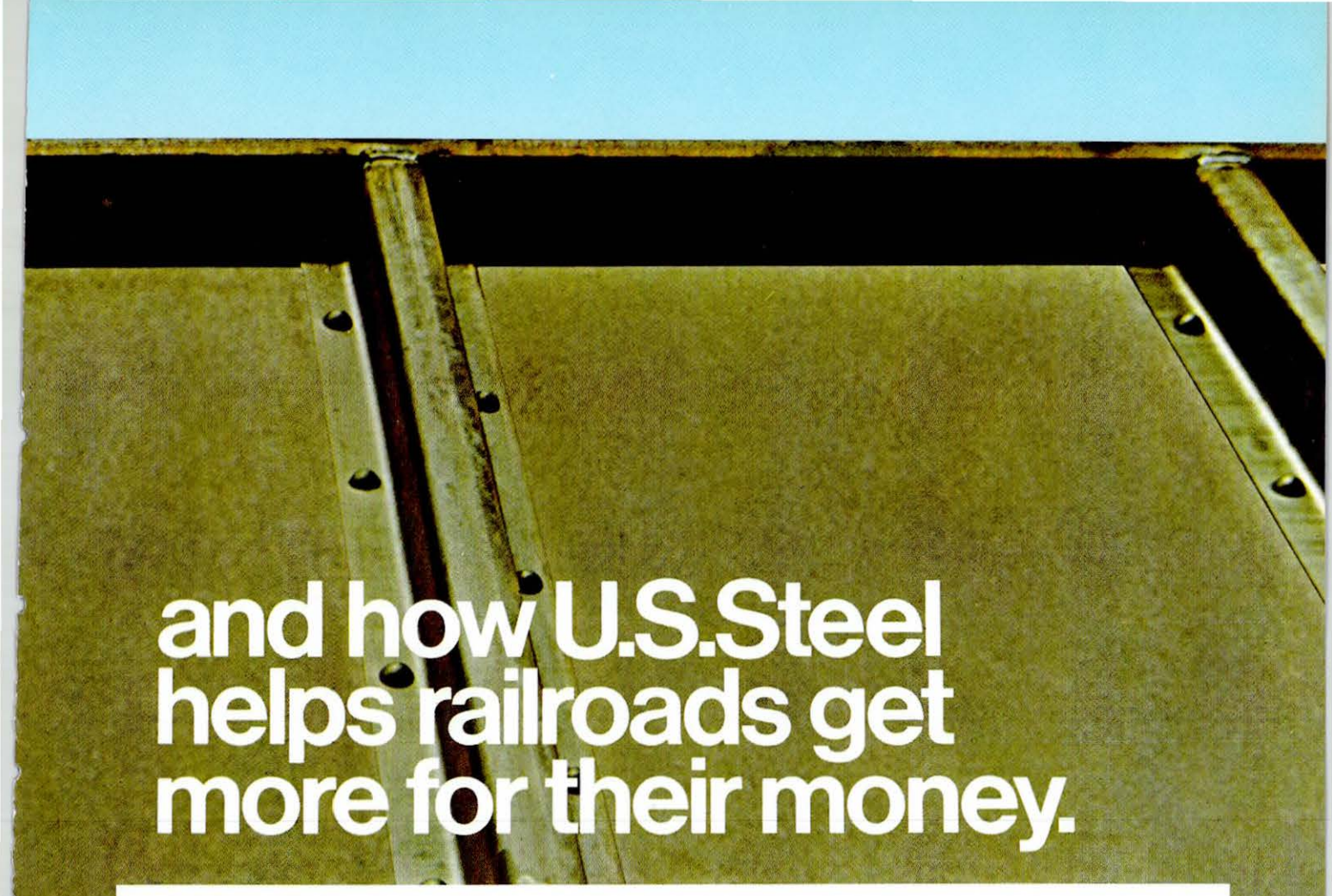

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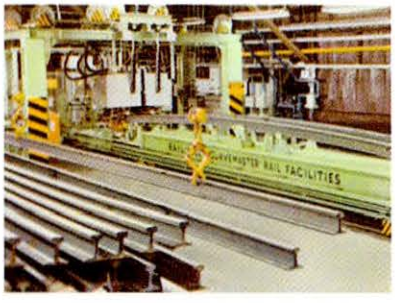

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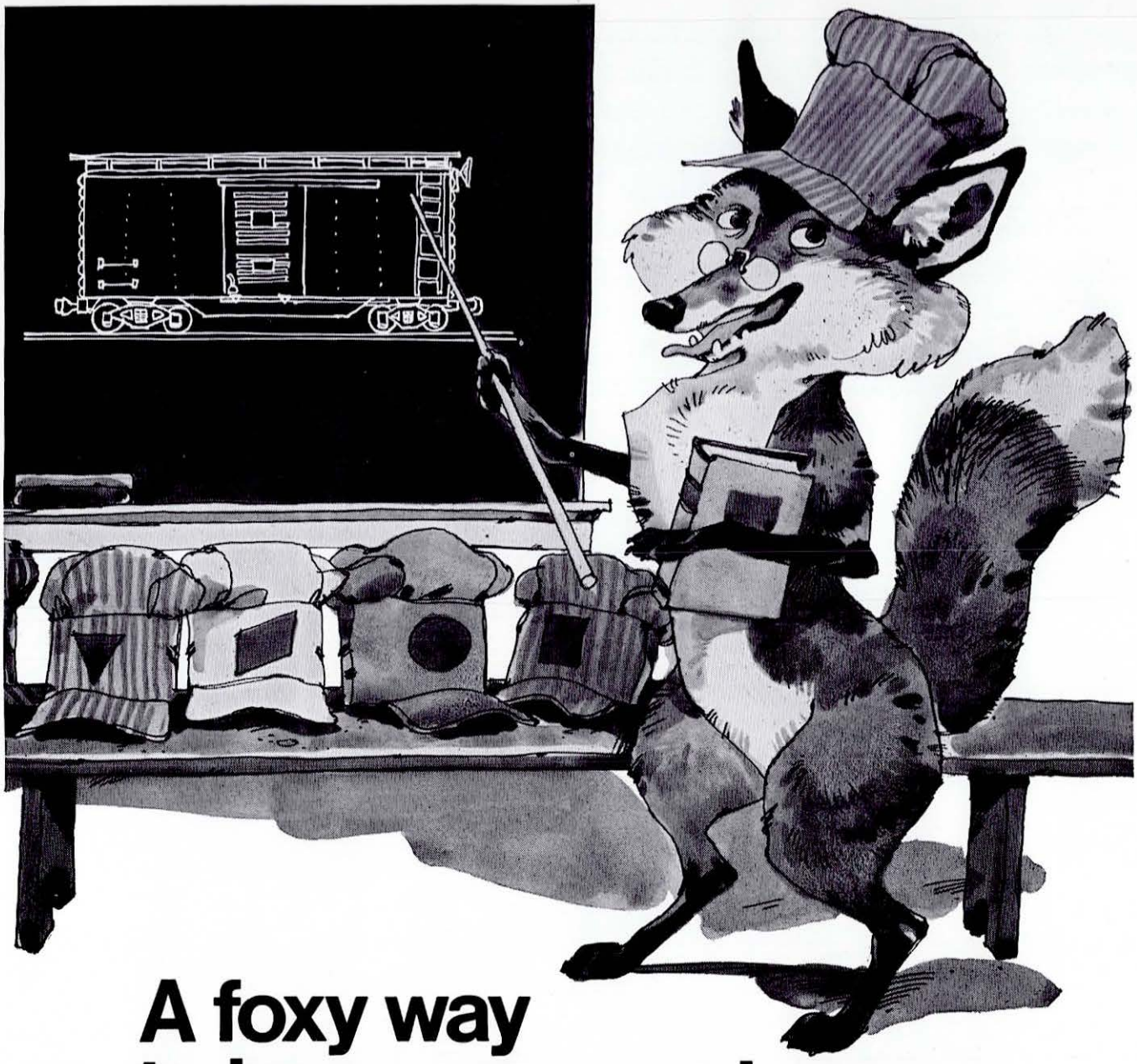

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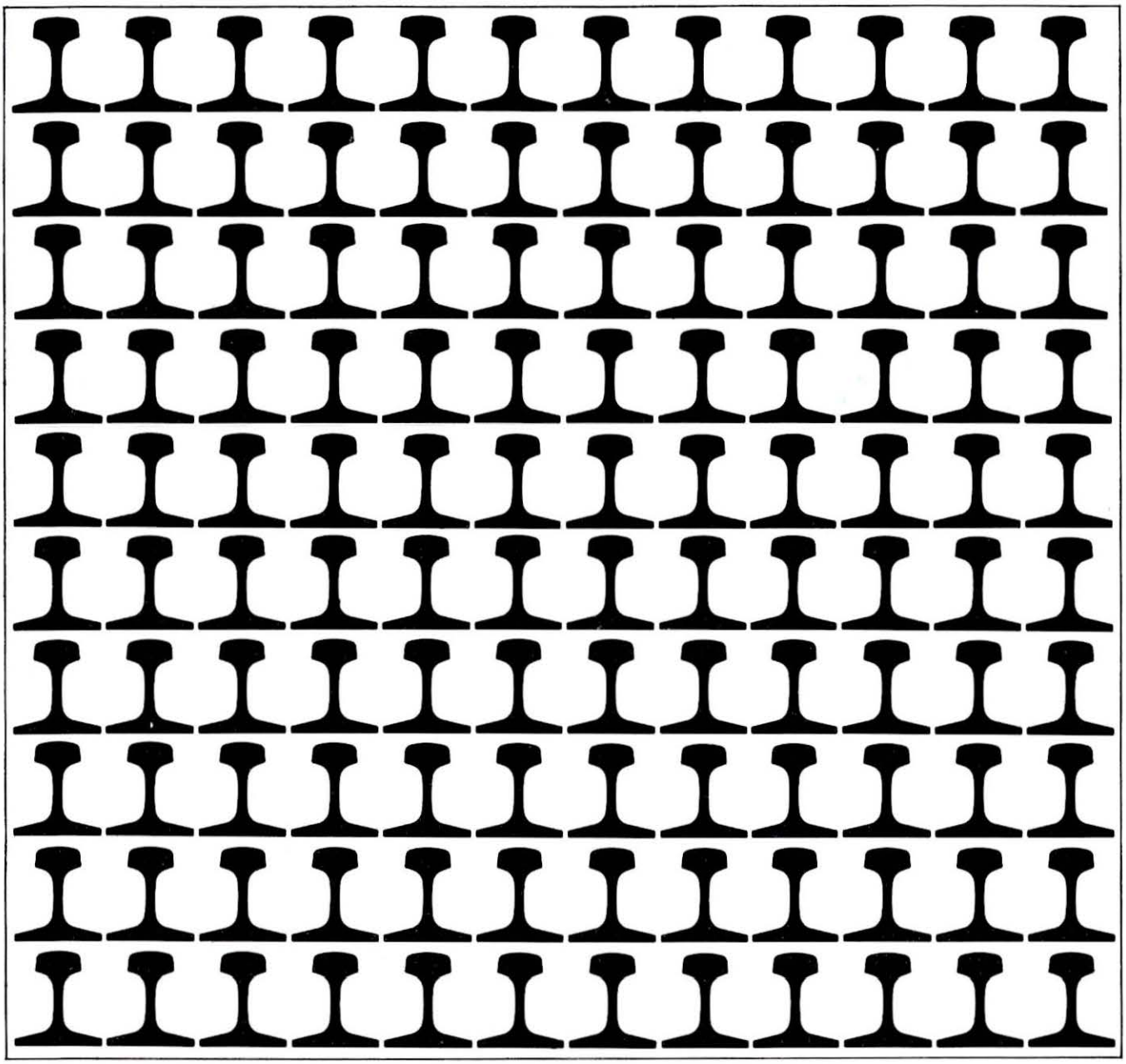

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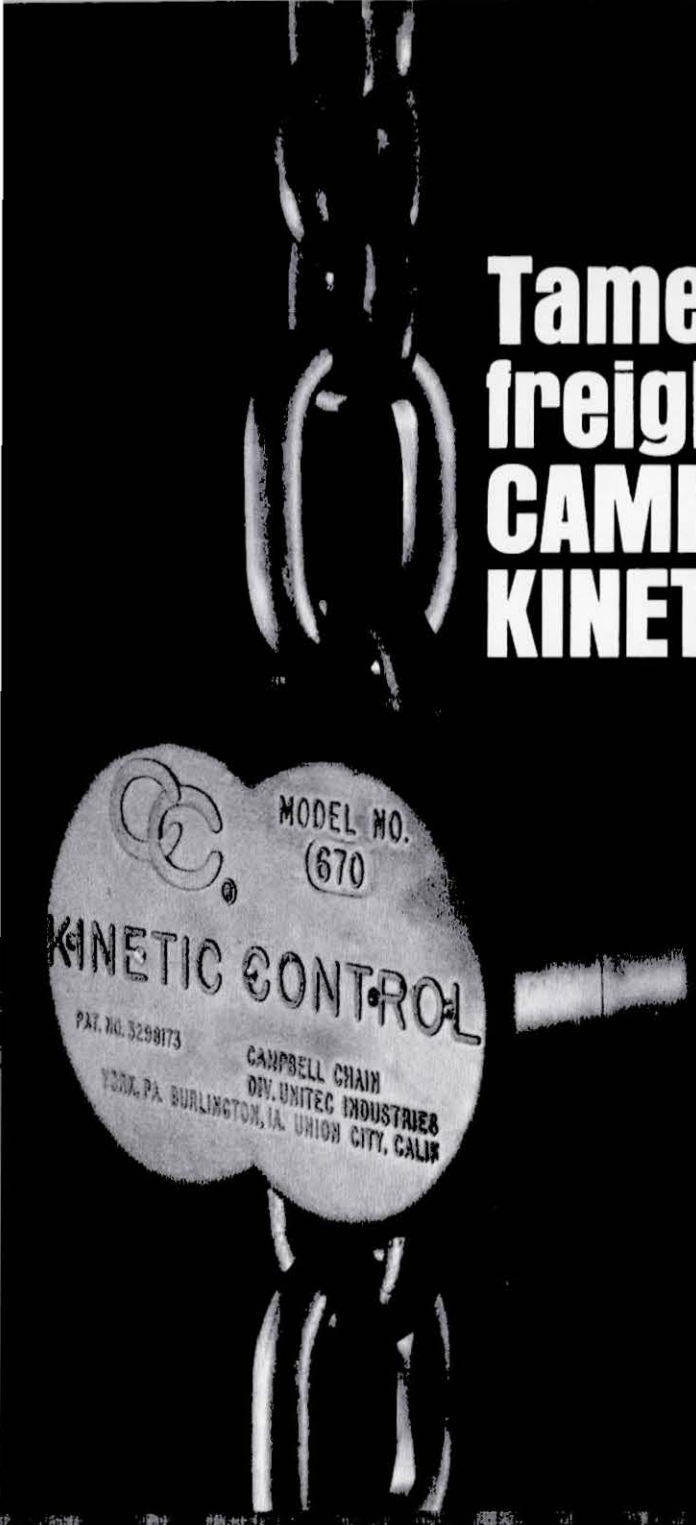

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Management Close-up: SP

(Continued from page 36)

ern California Edison to take a look at construction and costs.

—A major aspect of the studies involves SP's purchase of power at the wire. Power would be single-phase, commercial-frequency.

Motive power is another major consideration. In Garin's view, both domestic and foreign technology probably will play an important part in any ultimate design of an electric locomotive suitable for SP's needs.

Garin makes no secret of his belief that "the electric locomotive is the ideal locomotive for mainline operation." At the same time, he agrees that electrification would have significant side effects—on signaling and communications, on track maintenance, and on the whole way in which the railroad is operated.

As for other prime movers, he notes that the gas turbine "has not been widely exploited. If nuclear power is to be used, it will be in the form of central-station power transmitted to an overhead wire. For self-propelled units, other than the Stirling engine or some new type of external-combustion engine, there doesn't seem to be anything coming in the immediate future."

Even more exotic concepts also get a look from SP—a look sometimes accompanied by an investigation.

The tracked air cushion vehicle is one such. And while Garin sees a "conventional" TACV system mostly adaptable to high-speed passenger service, there may be some possibilities in the freight area: "I've seen concepts in which air-supported operations are adapted to existing rights-of-way through installation of concrete blocks or beams outside the rails, to serve as reaction members. Possibly, somewhere in the future, you could have high-speed, air-supported merchandise trains operating along the same rights-of-way as conventional rail vehicles."

The linear induction motor principle has received a somewhat closer look from SP, at least under laboratory conditions. "We've looked into this," Garin says, "as a means of boosting locomotive power on heavy grades—by installing a linear induction motor on the locomotive and using the running rails as a reaction member. Some high-horsepower locomotives derate at low speeds because they get beyond their adhesion limit. You have excess horsepower which you could put to use if you didn't have to put it through the wheels. Thus far, we've just done engi-

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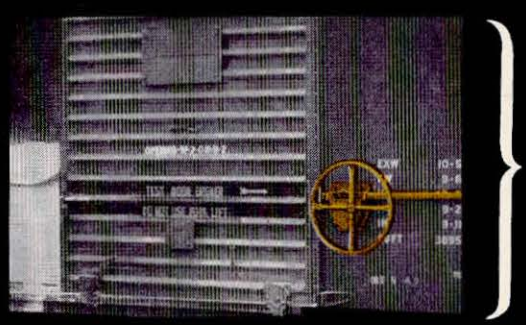

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eering calculations. We haven't built any hardware.

"And of course there would be problems: Where do you find space under the locomotive for the motor? How effective would the running rails be as reaction members? We know we wouldn't get the efficiency of a conventional linear induction motor, where the motor straddles a reaction rail that runs down the center. But we might get some use for the extra locomotive horsepower available. And there might be some application for this principle in mountain territory."

TACV and linear induction, however, are not immediate concerns. Electrification is. And nobody knows better than Paul Garin and Jack Jones that electrification would mean far more than just stringing wire and buying new locomotives.

There will be inductive interference problems with nearby transmission lines. All in all, there would be a new way of life ahead for maintenance and transportation people.

Jones and Garin agree that the inductive interference problems can be solved—though at some cost in modifying existing systems and installing new ones. Answers have to be found, for instance, to the overhead clearance problem in tunnels and in metropolitan areas where grade separation projects have produced one overhead structure after another along the line. Garin also asks, "If you look into the future, is the present signal and communication system going to be with us forever? Or will a new type system be developed?"

From a plant engineering standpoint, one of the most difficult problems may involve track maintenance. Jones points out that the use of off-track equipment, together with the installation of catenary support structures close to track may create new problems.

Perhaps the most extensive changes, however, could come in basic operations. Garin leads into this with a comment as to how electrification works—and why more people are becoming interested in it:

"The main advantage, of course, is what you realize in savings in the future. One stimulant to railroad interest is that the electric utilities are beginning to recognize that railroads are very attractive—from a load standpoint and also because railroad rights-of-way might be used for transmission-line installations. The fact that utilities are looking at the sale of power at the wire is a real incentive for railroads to take another look.

"It's true that electrification has had a rather sad history in this country, although it has worked out well in certain cases. Some roads use 25-cycle electrification, requiring special equipment, while other roads use d.c. electrification. Only Muskingum Electric is commercial-frequency. What Southern Pacific is looking at, of course, is commercial-frequency and a higher voltage than that generally used. We've had meetings with other railroads and DOT, and it has generally been agreed that 50,000, 25,000 and 12,500 volts could be national standards for railroad electrification. We're looking at a 50,000-volt system.

"It must be understood that electrified operation is a system. It's a different way of running a railroad, in which all operations have to be coordinated. On their new extension, for example, the Japanese are talking about computerized control of the electrified operation which will keep power demands within certain limits—so that demand charges for the power will stay within prescribed limits. One of the bugaboos of electrified operation is the demand charge, where your power rate is established by your maximum demand even though it's for a short period of time.

"For sure, electrification would call for change in operating practices. You're not just substituting an electric locomotive for a diesel. You're dealing with changes in the whole philosophy of running a railroad."

And where could electrification lead? Paul Garin looks a long way down the road:

"One of the ultimate advantages of the electrified railroad is that it will have tremendous possibilities in the areas of automatic train operation and continuous surveillance. You can visualize an automated surveillance and monitoring system for trains en route, with electrical sensors on each piece of equipment to warn of any malfunction that might develop. You can even visualize freight cars in which you might have in-transit processing of materials by drawing power off the wire.

"There are a lot of possibilities that open up—when you have wire over the railroad." ■

For containers: A 5-car articulated flat

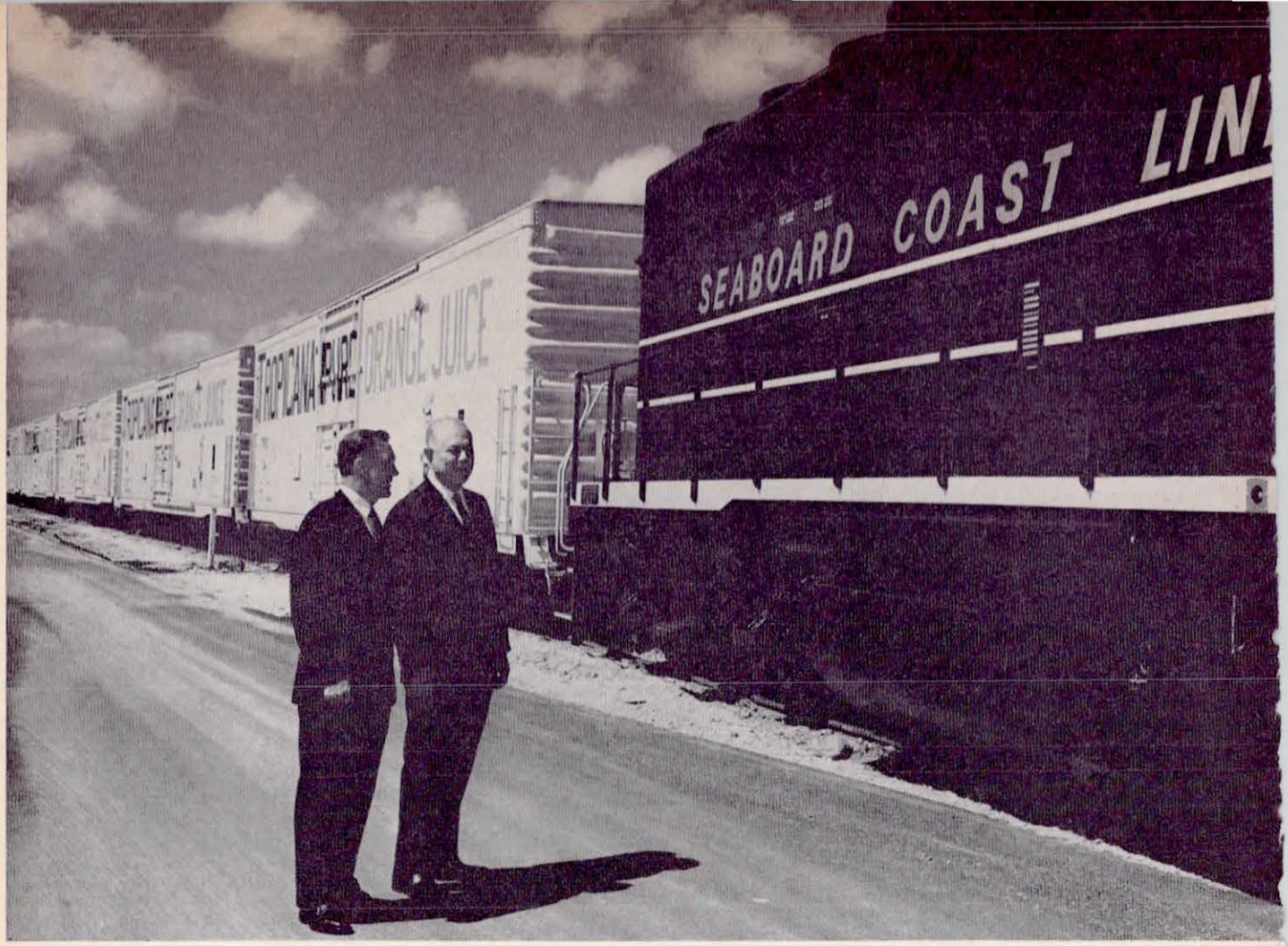
SP has a world-wide outlook on railroading, and apparently feels that it pays. President Biaginni told the June 19 meeting of the AAR Mechanical Division in San Francisco that "there are good ideas being pursued by railroads overseas and American railroaders should be doing more to look abroad to see what is being accomplished."

After the British Rail container-oriented "Freight Liner" system had been studied by an SP officer, his railroad wasted little time in moving from paperwork to hardware. According to Biaginni, "in our own Sacramento Shops we have put together SP 599100, a permanently coupled, 319-foot, five-car articulated flat for handling containers. We hope this car will have as many as six advantages in container service: Reducing lateral on curves as compared with 89-foot flatcars, negotiating sharper curves than 89-footers, reducing slack action, providing better protection for lading, eliminating bypassing of couplers and reducing maintenance."

Biaginni sees piggyback and containerization doubling in the next few years, meaning that "we may need to find better ways to store and handle equipment in terminals, and even that we may need to double-stack containers on rail cars."

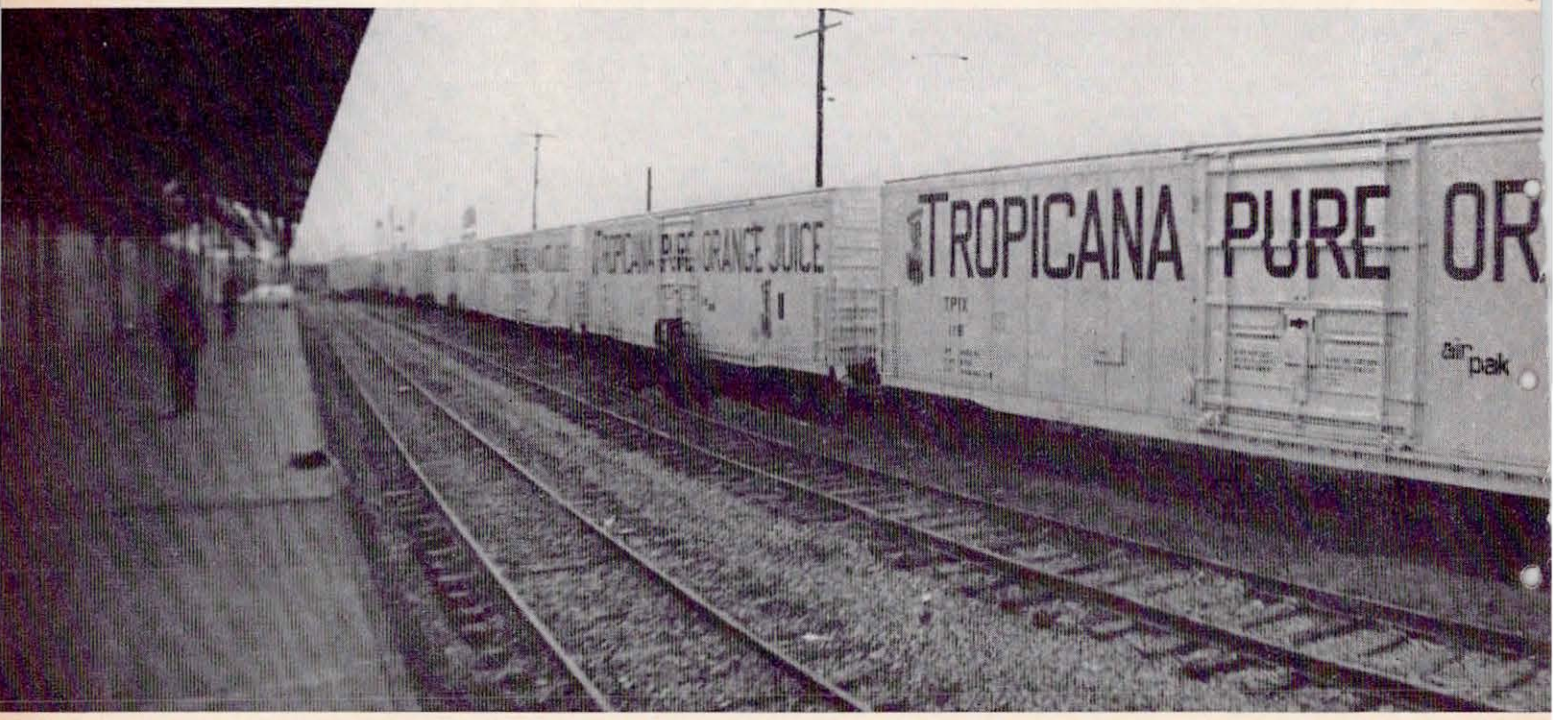
He noted that two SP officers have just returned from two weeks in Japan (*see page 35*). While there, they began the evaluation of the dynamic performance of the standard 70-ton AAR freight-car truck at 80 mph simulated speeds on testing equipment maintained by the Japanese National Railways. And, reported Biaginni, "we have undertaken an exchange program of research with JNR which will also include, among other things, a study of composition brake shoes."

SP has about 75 R&D projects in progress. "In these," reported the road's president, "we use a joint task force approach, involving all interested departments and all appropriate disciplines, and we also use the outside help of independent agencies such as Stanford Research Institute." He added that SP is happy to collaborate with the AAR Research and Test organization and with DOT's Federal Railroad Administration. The road has a permanent freight-car planning and research group which regularly explores the types of cars which may be needed in the future.



IT BEGAN HERE—W. Thomas Rice (left), Seaboard Coast Line chairman and chief executive officer, and Anthony T. Rossi, president of Tropicana Products, watch as first citrus juice unit train departs from Bradenton Fla., for Kearny, N.J.

Unit train hauls one million gallons of



THIRTY-SIX HOURS LATER, unit train, with juice of 40 million oranges and grapefruit aboard, sits in Kearny terminal, Tropicana's

juice a week

History's largest single shipments of citrus juices are making weekly unit-train runs from Bradenton, Fla., to Kearny, N.J. The juice is packaged in quart and half-gallon containers.

The unit-train cars are owned by Tropicana Products, Inc., of Bradenton, the world's largest producer of chilled citrus juices, with distribution in 48 states, Canada and 13 other countries.

Refrigerated cars for the trains, 150 of them, were ordered from Fruit Growers Express. The cars, ranging in length from 65 to 68 feet, are being built to Tropicana's own specifications.

The FGE cars are equipped with cushioning devices, interior lading protective devices and other special devices for shock absorption. All the cars are insulated with two-pound-density polyurethane foamed in place.

The interior lading protective devices —Air Pak Load Dividers—were supplied by Evans Products Co. End-of-car cushioning came from FreightMaster. The cars' underframes are being supplied by Berwick Forge & Fabricating Co. The cast steel wheels, adapters, SKF roller bearing and Comet brake shoes are products of the Abex Corp. Refrigerating units were designed and built by Tropicana.

● **First for food industry.** The first Tropicana unit train arrived at its New Jersey terminal on June 9 after a 36-hour, non-stop run from Florida via the Seaboard Coast Line, the Richmond, Fredericksburg & Potomac and Penn Central. It was the first unit train ever to operate from Florida. Tropicana believes it to be first scheduled unit train in the history of the food industry.

The first train contained 58 cars, including 23 of the FGE cars and 35 cars leased from United States Railway Equipment Co. The train normally will have 60 cars. The leased cars will be phased out of the operation as deliveries of the specially designed units are made by FGE.

Filling each unit train will require about 40,000,000 oranges and grapefruit. It takes that much fruit to produce the 1,000,000 gallons of juice for each regular shipment.

To support its unit-train operation, Tropicana completely automated its loading and unloading procedures. In Bradenton, the company expanded its trackage and installed automatic conveyor systems to move pallets from warehouse to rail cars.

A complete new terminal was created on a seven-acre site in Kearny, where a 57,600-square-foot, covered distribution center is being completed. The center has 5,400 feet of private rail track and a loading dock that can handle 80 trailer trucks. Tropicana plans to move its entire sales/distribution operation from Whitestone, Long Island, to the Kearny facility.

Metropolitan New York, which includes parts of New Jersey, will be serviced from the Kearny terminal.

● **Final control link.** Anthony T. Rossi, Tropicana chairman and president, says the unit train forges a final control link in the firm's production-distribution system. "Tropicana now has complete control of its products from grove to customer delivery," he points out. "This means improved quality control and increased operational efficiency."

Rossi also says the unit train opens a new era in citrus juice distribution. "This total control of transport and the ability to swiftly move a large volume of products represents a new concept in the distribution of Florida juices."

The Tropicana unit trains will, at present, serve only the northeast segment of the United States. However, Rossi says, the unit-train operation could well become the basis for using the port of New York for overseas shipments.

"We already have over 50% of the export citrus juice business in Europe," he says. "We expect to increase this business very rapidly. For faster delivery to Europe, we hope eventually to ship from New York rather than Tampa, as we do presently."

Additional unit trains will be put into service to handle the expected increase in export citrus shipments. Tropicana studies indicate that it may cost less to send juice to New Jersey by unit train and ship it from there to overseas markets.

● **Railroad price.** The three railroads that haul the Tropicana unit trains established a two-year rate of some $36,000 for each roundtrip of the 60-car trains. There will be an extra cost of about $600 for each additional car.

However, Tropicana officers, who think many of the trains may have 65 cars, say the cars will return empty to Florida. The cars will not be returned as unit trains. Tropicana will release the cars to Penn Central as soon as they are unloaded, for inclusion in the first southbound freight train. This procedure will return the cars faster and permit better car utilization. That arrangement will be especially important if, as one Tropicana officer indicated, the weekly unit-train becomes a twice-weekly unit train.

"The ability to control the cars at all times was an important factor in deciding to use unit trains," says a Tropicana officer. "We believe that any revenue we would gain by letting others use the cars would be offset by the loss of control. Therefore, we decided to keep the loop closed and get the cars back as soon as possible." ■

New York-area distribution center.

Partial List of Suppliers for Tropicana's Unit-Train Cars

Underframes	Berwick Forge & Fabricating Co.
Load dividers	Evans Products Co.
End cushioning devices	FreightMaster
Sides and doors	Youngstown Steel Door Co.
Roofs and ends	Standard Railway Equipment
Hand brakes	Ajax Consolidated Co.
Air brakes	New York Air Brake Co.
Double acting slack adjusters	Ellcon-National, Inc.
Cast steel wheels, SKF roller bearings, adapters, brake shoes	Abex Corp.

The name and the aim are the same

Illinois Central and the United Transportation Union are about to find out if rail managers and rail labor leaders really are convinced that they must move ahead together. They're starting out with high hopes, lofty aspirations—and 18 months.

For IC and UTU, agreement on a Commission on Joint Opportunity for Better Service (JOBS) marks an end and a beginning. June 25 was the effective date for two agreements—one settling a five-year-old crew-size dispute, the other setting up the JOBS Commission and pointing IC and UTU in a new direction.

In a preamble, railroad and union say the JOBS agreement "is designed to create the machinery and the climate to alter the generally adverse conditions affecting both Illinois Central and its employees since World War II toward change that will benefit both employees and the railroad's competitive ability."

● **"Serious, continuing effort."** Through the commission, they say, it's intended that IC and UTU "make a serious, continuing effort to jointly resolve technological, institutional, economic and competitive problems that directly and indirectly limit and restrict operating craft employment and the competitive effectiveness of IC."

There is a strong commitment in favor of good faith:

"IC and UTU believe that the program . . . will provide for orderly change; the parties believe such change essential.

"Each party affirms its determination to make the program work.

"Each party believes in the good faith of the other and is confident that the parties will achieve the goals of this program by working together.

"Each party affirms it will fulfill its obligations under this agreement without regard to any dispute the parties may have on any other matters."

● **How JOBS will work.** The part of the agreement describing the commission's functions is brief. It leaves considerable latitude for commission members to define their operations. JOBS Commission duties, the agreement says, "shall be, experimentally and creatively, to establish services, conditions, policies, rules and agreements, including extraordinary compensation for extraordinary service, as it deems appropriate to a serious, continuing effort aimed at solving technological, institutional, economic and competitive problems that now directly and indirectly limit and restrict both operating craft employment in road and yard service and the competitive effectiveness of the IC in winning new business."

The job-description for JOBS, in short, is the preamble expanded with a few specifics.

In operation, the commission will not "replace or supplant the usual collective bargaining process" in matters not related to the JOBS assignment. Crew assignments created by the commission "to attract new business will be in addition to those covered by the crew-size agreement."

● **Provision for decision.** Decision-making powers of the commission appear to be substantial: "Decisions within the jurisdiction of the JOBS Commission, when unanimous, shall be final and binding except that the presidents of UTU and IC may by joint action overrule and set aside a minority vote."

Ten men will be most intimately involved with the commission's work—the six commission members, two "advisors" appointed by the presidents, and the presidents themselves.

At the outset, commission members will be IC's John W. Ingram, vice president-marketing; Jack C. Humbert, vice president-operations; and Earl Oliver, vice president-personnel; and UTU's three general chairmen, M. S. Stuckey (trainmen), Walter Canty (conductors) and Bert Hudson (enginemen). UTU President Charles Luna named as his advisor Quentin C. Gabriel, senior among UTU's vice presidents; IC President Alan S. Boyd chose John Mitros, manager-public relations.

● **Presidential review.** Over the next 18 months, the six commission members and the advisors will see what they can accomplish. Periodic reports will be made to Presidents Luna and Boyd. And at the end of the 18 months—in December 1971—the presidents will review the results "to determine whether in their opinion the commission has succeeded and shall be continued or has not succeeded and shall be discontinued."

If either president votes to discontinue, the commission will be out of business. Under the crew-size agreement now in effect, IC road passenger and road freight trains and yard engines are to be manned by one-and-two crews, except for 93 of the total number of crews. If the JOBS Commission is discontinued, IC will apply crew-size agreement provisions to 95% of the road and yard crews described in that agreement—but not to crews created by the JOBS Commission to attract new business.

The JOBS Commission

Earl Oliver, IC

Jack C. Humbert, IC

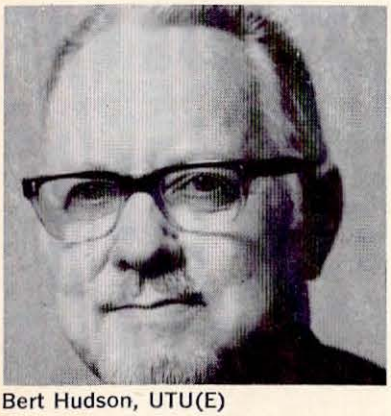
John W. Ingram, IC

John D. Mitros, IC

JOBS

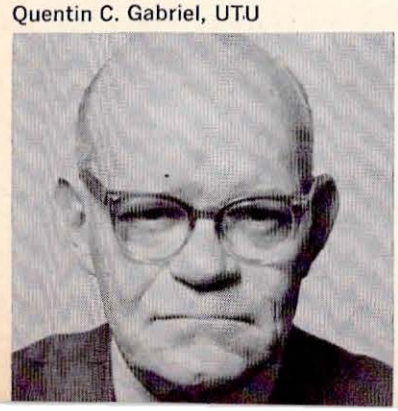
M. S. Stuckey, UTU(T)

Walter Canty, UTU(C)



Bert Hudson, UTU(E)

Quentin C. Gabriel, UTU



● **Chiefs in agreement.** IC Chairman William B. Johnson and Presidents Boyd and Luna took their story to Washington for the first telling—and their comments ran along a common track: Pride in what's been accomplished, hope for what may be accomplished.

The commission, Johnson said, will "preside over our search for mutually beneficial change and new business." IC believes, he added, that "our employees have a vested interest in our policies, and we have created machinery to promote that interest as we search for the business, techniques, conditions, services, policies and tonnages that will improve both the rails' contribution to the economy and the rails' ability to improve the condition of its employees."

• **"Start of an era."** IC President Boyd recalled that the agreement had been called a triumph of collective bargaining: "We think it will be. But we don't have anything concrete to show as yet. All we've done is sign a piece of paper." However, Boyd declared, "This piece of paper symbolizes the start of a new era when railroads and railroad men can play a more important role in the economy. We have a lot of work ahead of us—to reinstate the trust and common purpose that existed between railroads and their men in happier, more successful times."

Boyd singled out six men for special mention for their work on the JOBS concept—including A. Scheffer Lang, federal railroad administrator when Boyd was secretary of transportation. It was Chairman Johnson, Boyd noted, "who insisted that new approaches to old problems be tried, even in so unyielding an area as labor relations, and that led directly to the joint commission approach." Oliver and Mitros, IC's president said, "together became the heart of the IC's effort . . . . Quite early, Charley Luna became involved. Almost two years ago, he and Bill Johnson met and talked about this unprecedented approach. Charley is a man of direct action. He liked what he heard. He asked us to try to sell the idea to IC's men and the union's leaders . . . .Very importantly, there is the contribution made by Spencer Stuckey, other union officers and the men they represent."

• **Luna hails bargaining.** UTU President Luna paid special attention to the fact that the agreement had been worked out through the collective-bargaining process: "Today, when the collective-bargaining process is suffering attacks on all sides, I'm happy to join in this announcement of a new type of job approach. This agreement proves that reasonable men working together in good faith can reach agreement on any issue."

After all, Luna added, "We are all railroadmen and we all need a successful railroad to make a living."

UTU's president referred to the outside help IC and UTU had received. But, he said, "The decisions were ours and all of the negotiating was ours."

Railroad and union are hopeful, he said, "that by taking this step we have begun to turn some of the energy spent in the past in fighting between labor and management toward a more productive direction. We hope that we have now shown the way to adapt this industry to 20th century needs and to prepare itself for the greater changes which are coming as this century closes.

"There is a great deal of talent on both sides of the table. I hate to see it devoted to useless bickering.

"The agreement we have reached promises to help redirect this great energy and this great experience and this great talent that is available to all of us to a common effort. . . . ."

• **"New business."** The agreement, Luna emphasized, "provides for cooperative policy decisions. This is to provide the changes needed to get new business. Let me stress the fact that we are looking for new business—and not to rearrange old business in different context. We are experimenting—recognizing that the whole world is changing, including our own economic and working world of the railroad."

• **Groundwork laid.** As Boyd indicated, IC and UTU went before the public with a piece of paper—and without a solid first move in the new-business/new-jobs area. Company and union do have, however, a certain amount of experience in the experimental-service area—through the 1969 minitrain tests, which were a service success but which suffered economically from operation under conventional labor agreements. Company and union should also have a work force/membership which rather thoroughly understands what IC and UTU are aiming for—thanks to weeks and months of missionary work all over the system.

Finally, IC and UTU have commissioners and advisors with outspoken backing from the top—Johnson, Boyd and Luna. And 18 months to make a positive record—while the rest of the industry, the rest of rail labor, the shipping community, the competition and the government are watching.

First Quarter Figures of Calendar Year 1970

(Dollar figures are stated in thousands: i.e. with last three digits omitted)

Name of Road		Average mileage operated during period	Operating Revenues				Operating Expenses										Operating ratio		Net from railway operation	Railways tax accruals	Net Railway operating income	
							Maint. Way and Structures			Maint. Equipment												
			Freight	Pass.	Total (inc. misc.) 1970	1969	Total 1970	Total 1969	Deprec. and Retire-ments	Total 1970	Total 1969	Deprec. and Retire-ments	Traffic	Trans-portation	Total 1970	Total 1969	1970	1969			1970	1969
Akron, Canton & Youngstown	3 mos.	171	1,615	—	1,665	1,829	271	258	19	306	354	121	122	651	1,473	1,494	88.4	81.7	193	165	148	228
Ann Arbor	3 mos.	299	2,178	—	2,206	2,420	209	216	23	410	362	129	68	1,235	2,003	1,868	90.8	77.2	204	189	—194	147
Atchison, Topeka & Santa Fe	3 mos.	12,884	164,411	3,746	179,496	173,731	27,514	23,876	3,013	36,065	34,665	10,755	4,890	68,543	146,262	136,050	81.5	78.3	33,235	16,222	11,251	17,907
Baltimore & Ohio	3 mos.	5,552	103,916	539	109,571	106,071	13,000	11,613	1,740	18,915	19,153	2,553	2,885	46,493	88,100	82,218	80.4	77.5	21,471	8,401	592	3,385
Bangor & Aroostook	3 mos.	543	3,715	55	3,816	3,770	930	847	70	1,305	1,104	425	89	1,286	3,860	3,541	101.2	93.9	—44	304	93	317
Bessemer & Lake Erie	3 mos.	221	5,624	—	5,983	5,503	780	824	118	1,683	1,399	541	169	2,050	5,415	4,783	90.5	86.9	568	527	739	867
Boston & Maine	3 mos.	1,531	13,875	1,319	16,817	16,962	2,827	2,618	459	3,370	2,785	640	369	8,554	16,085	14,814	95.6	87.3	732	1,324	—2,759	—1,549
Burlington Northern	3 mos.	22,838	177,071	5,389	192,623	185,454	26,400	26,661	3,615	37,829	36,102	11,172	5,976	84,819	169,734	162,921	88.1	87.8	22,888	17,420	2,279	2,337
CPR Lines in Maine	3 mos.	234	2,018	34	2,080	2,792	289	376	63	393	453	47	61	710	1,585	1,723	76.2	61.7	494	77	92	573
Central of Georgia	3 mos.	1,729	13,908	148	14,360	13,508	2,283	3,487	208	2,642	2,440	764	299	4,611	10,972	11,984	76.4	88.7	3,388	1,245	1,211	593
Central RR of New Jersey	3 mos.	592	8,848	1,033	11,565	12,120	1,609	1,473	299	2,172	2,188	345	275	6,611	11,522	10,988	99.6	90.7	43	1,128	—3,079	—1,719
Central Vermont	3 mos.	382	2,093	—	2,182	2,257	519	452	144	205	313	14	26	871	1,732	1,877	79.4	68.5	450	155	26	137
Chesapeake & Ohio	3 mos.	5,076	99,965	355	103,656	94,295	12,450	10,789	1,619	21,609	19,959	6,093	2,920	44,449	87,646	78,594	84.6	83.3	16,009	8,106	4,795	5,862
Chicago & Eastern Illinois	3 mos.	643	6,548	—1	6,704	12,446	1,091	2,349	50	1,298	2,237	359	333	2,564	5,724	9,872	85.4	82.2	981	256	—299	67
Chicago & Illinois Midland	3 mos.	121	950	—	992	1,337	108	90	21	234	226	36	7	304	768	780	77.4	58.4	224	160	112	195
Chicago & North Western	3 mos.	11,378	63,297	5,198	71,442	65,468	9,824	10,419	1,633	13,063	13,537	4,482	2,180	32,753	62,561	61,776	87.6	94.4	8,881	5,704	—1,703	—8,708
Chic., Milw., St. Paul & Pacific	3 mos.	10,479	58,380	2,181	65,044	65,192	9,659	9,506	1,396	11,371	12,246	3,159	1,928	29,550	57,046	57,594	87.7	88.3	7,998	5,911	—3,398	—3,781
Chicago, Rock Island & Pacific	3 mos.	7,175	62,779	1,265	66,631	61,672	8,513	9,359	1,199	10,522	11,083	1,754	1,878	29,697	53,941	52,492	81.0	85.1	12,690	4,778	—2,896	—4,032
Clinchfield	3 mos.	306	8,312	—	8,365	8,215	777	826	73	1,311	1,219	609	265	2,261	4,906	4,751	58.7	57.8	3,459	795	2,749	2,662
Colorado & Southern	3 mos.	692	4,853	—	4,972	3,881	533	410	39	743	662	303	86	1,439	3,128	2,779	62.9	71.6	1,845	560	841	560
Ft. Worth & Denver	3 mos.	1,280	5,184	—	5,402	3,997	670	697	103	483	556	112	192	2,142	3,833	3,643	71.0	91.2	1,569	494	559	—415
Delaware & Hudson	3 mos.	751	10,710	113	11,133	11,145	1,488	1,180	127	2,157	1,835	407	365	4,717	9,416	8,353	84.6	75.0	1,717	1,322	—192	1,294
Denver & Rio Grande Western	3 mos.	1,899	22,125	276	22,995	23,548	2,234	2,150	345	3,734	3,839	1,343	847	7,708	15,989	16,188	69.5	68.7	7,006	3,878	3,190	3,426
Detroit & Toledo Shore Line	3 mos.	50	1,540	—	1,654	1,867	188	197	24	315	284	113	75	628	1,320	1,312	79.8	70.3	334	153	69	176
Detroit, Toledo & Ironton	3 mos.	467	7,343	—	7,604	8,351	724	604	89	1,537	1,136	574	242	3,018	6,038	5,051	79.4	60.5	1,566	704	745	2,014
Duluth, Missabe & Iron Range	3 mos.	508	4,195	—	4,323	3,652	1,138	1,172	206	1,600	1,460	548	56	1,831	5,551	5,331	128.4	146.0	—1,228	55	—1,106	—1,010
Duluth, Winnipeg & Pacific	3 mos.	170	2,656	—	2,679	2,169	232	294	16	125	195	2	53	794	1,274	1,383	47.6	63.7	1,405	517	486	—38
Elgin, Joliet & Eastern	3 mos.	205	10,065	—	14,714	14,585	1,397	1,334	126	2,424	2,524	431	199	5,972	11,673	11,310	79.3	77.5	3,041	1,791	356	680
Erie Lackawanna	3 mos.	2,881	51,795	2,870	59,279	60,435	6,454	5,794	801	10,576	9,750	1,881	1,413	30,266	51,503	46,265	86.9	76.6	7,777	5,204	—3,748	4,230
Florida East Coast	3 mos.	554	7,651	—	7,837	8,369	2,680	2,685	196	1,340	1,265	296	199	2,061	6,719	6,737	85.7	80.5	1,118	77	90	—106
Georgia Railroad	3 mos.	331	2,230	2	2,332	2,423	349	365	24	364	380	90	137	837	1,840	1,909	78.9	78.8	492	151	170	219
Grand Trunk Western	3 mos.	946	16,170	415	17,620	19,218	2,163	1,979	207	3,137	2,500	201	495	10,491	17,567	15,726	99.7	81.8	53	1,872	—5,074	—2,817
Green Bay & Western	3 mos.	255	1,617	—	1,651	—	144	176	21	220	206	49	120	592	1,212	1,200	73.4	74.0	439	199	77	—
Gulf, Mobile & Ohio	3 mos.	2,734	24,603	401	26,283	24,492	3,465	3,221	293	5,103	4,912	1,408	940	9,028	19,687	18,500	74.9	75.5	6,596	2,302	2,710	2,582
Illinois Central	3 mos.	6,772	70,832	4,841	79,968	77,556	10,122	9,440	1,628	14,441	13,075	4,187	2,199	30,971	62,943	60,378	78.7	77.9	17,025	6,511	6,613	5,691
Illinois Terminal	3 mos.	393	2,482	—	2,787	2,451	309	279	11	450	401	98	78	1,163	2,194	1,940	78.7	79.2	593	210	—14	34

First Quarter Figures of Calendar Year 1970

(Dollar figures are stated in thousands: i.e. with last three digits omitted)

Name of Road	Average mileage operated during period	Operating Revenues				Operating Expenses												Net from railway operation	Railways tax accruals	Net Railway operating income	
						Maint. Way and Structures			Maint. Equipment							Operating ratio					
		Freight	Pass.	Total (inc. misc.) 1970	1969	Total 1970	Total 1969	Deprec. and Retirements	Total 1970	Total 1969	Deprec. and Retirements	Traffic	Transportation	Total 1970	Total 1969	1970	1969			1970	1969
Kansas City Southern ..... 3 mos.	1,679	20,764	3	22,123	19,803	2,145	2,092	254	3,432	3,166	1,150	819	7,245	14,646	13,600	66.2	68.7	7,477	2,248	2,866	2,759
Kansas, Oklahoma & Gulf .... 3 mos.	205	1,530	—	1,535	1,266	167	147	12	273	279	183	95	315	921	859	59.9	67.8	615	176	790	656
Lake Superior & Ishpeming ... 3 mos.	130	452	—	544	215	218	262	50	366	364	189	10	288	1,002	1,046	184.3	486.7	—458	157	—528	—923
Lehigh Valley ..... 3 mos.	941	11,607	—	12,007	11,739	1,593	1,492	257	1,935	1,696	234	416	6,227	10 991	10,422	91.5	88.8	1,015	1,025	—2 015	—1,575
Long Island ..... 3 mos.	322	2,193	19,259	22,327	21 078	3,781	2,859	305	7,010	5,459	895	322	14,874	27 709	23,048	124.1	109.3	—5,382	1,642	—8,012	—4,678
Louisville & Nashville ..... 3 mos.	6,068	87,153	211	90,258	78,563	12,733	10,874	1,206	18,354	16,876	6,829	2,181	35 571	73,719	63,235	81.7	80.5	16,538	6,416	7,355	8,388
Maine Central ..... 3 mos.	921	6,776	—	6 893	6,584	1,242	1,512	90	1,361	1,344	286	125	2,600	5,736	5,834	83.2	88.6	1,157	451	361	—15
Missouri-Illinois ..... 3 mos.	333	1,747	—	1.754	1,640	306	200	8	730	606	349	48	452	1 633	1,268	93.1	77.3	120	231	777	1,017
M-K-T Lines ..... 3 mos.	2,787	15,546	—	16,146	15,405	2,498	2,069	404	1,984	1,987	391	932	6,343	12,612	11,595	78.1	75.3	3,535	1,335	—1 223	32
Missouri Pacific ..... 3 mos.	8,921	85,017	280	89,517	85,238	12,836	12,774	1,324	15,211	13,850	3,820	2,216	31,829	66 334	62,417	74.1	73.2	23,183	6,255	7,740	7,992
Monon ..... 3 mos.	540	5,529	—	5.726	5,606	684	681	83	906	760	214	257	2 162	4,409	4,153	77.0	74.1	1,317	422	267	415
Monongahela ..... 3 mos.	193	1,381	—	1,392	1,332	282	331	33	173	211	22	4	482	1,013	1,016	72.8	76.3	379	85	16	—64
Norfolk & Western ..... 3 mos.	7,594	166,353	277	172,566	160,054	16,726	15,011	2,784	30,409	26,480	12 421	4 100	66,540	126 316	111,795	73.2	69.8	46,250	14,564	24,269	25,234
Norfolk Southern ..... 3 mos.	624	2,948	—	3,031	2,981	560	539	75	473	492	177	165	939	2,408	2,405	79.5	80.7	623	241	167	164
Northwestern Pacific ..... 3 mos.	324	2,156	1	2,165	2,626	890	897	83	111	142	3	22	818	1,933	1 989	89.3	75.7	232	222	—447	—202
Penn Central ..... 3 mos.	20,570	330,944	36,229	402,972	405,953	53,852	43,657	7,389	78,883	65,505	15,941	5,800	218 334	386,640	338,897	96.0	83.5	16 332	33,443	—65,796	—10,094
Penn-Reading Seashore Lines... 3 mos.	322	1,939	10	2.258	2,089	487	407	86	360	350	41	16	1,515	2 494	2.230	110.4	106.7	—236	169	—1,070	—893
Pittsburgh & Lake Erie ..... 3 mos.	209	8,065	16	8,680	8,489	1,275	962	165	3,123	2,892	1,488	211	3,683	8.949	8,207	103.1	96.7	—269	1.227	2,751	2,537
Reading ..... 3 mos.	1,228	21,511	1,983	26,276	25,267	4,290	3,721	594	5,128	5,021	1,313	691	12,961	24,964	22 781	95.0	90.2	1,312	2,288	—3,076	—1 615
Richmond, Fred. & Potomac .. 3 mos.	118	5,063	846	6.742	7,525	650	629	105	944	929	259	85	2,385	4 634	4,575	68.7	60.8	2 109	847	1,030	1.083
St. Louis-San Francisco ..... 3 mos.	4,547	42,904	—	44,815	43,113	5,804	5,527	589	6,285	6,013	2,310	1,543	18.047	34,275	31,770	76.5	73.7	10,540	3.912	4,652	4,832
St. Louis Southwestern ..... 3 mos.	1,520	29,475	1	29,926	29,584	3,175	2,255	287	5,569	4,523	2,596	783	10,253	20,562	17.318	68.7	58.5	9,365	3.107	6,721	8,162
Savannah & Atlanta ..... 3 mos.	167	1.184	—	1,226	1,191	56	68	18	228	218	87	25	332	691	729	56.3	61.2	535	356	297	230
Seaboard Coast Line ..... 3 mos.	9,264	118,825	4,987	129,180	123,549	16,572	15,018	1,399	23,182	19,910	6,069	3,660	47,071	97,170	91,702	75.2	74.2	32,010	11,418	9,799	11,058
Soo Line ..... 3 mos.	4,696	25,726	—	26,141	24,638	3,732	3,472	351	3,971	3 537	910	815	10,486	20.156	18.848	77.1	76.5	5,985	2,394	1.787	1,528
Southern Railway ..... 3 mos.	6,068	88,955	784	93,828	92,719	12,792	10,736	1,343	18,417	15,282	6,053	2,033	31 100	69,629	61,951	74.2	66.8	24,199	7.485	13,533	13,279
Alabama Great Southern ... 3 mos.	529	9,870	75	10.382	9,657	2,149	2,446	249	2.037	2,132	681	214	3,188	8,140	8.706	78.4	90.1	2,242	599	853	—255
Cinn., New Orleans & Tex. Pac. 3 mos.	337	12,859	7	13,473	12,851	1,215	1,222	237	3,156	2,814	1,289	288	3,622	8,881	8,487	65.9	66.0	4,592	1 808	3,000	2,573
Georgia Southern & Florida.. 3 mos.	454	4,168	—	4,333	4,242	524	511	52	335	217	79	87	1,166	2,290	1,989	52.9	46.9	2,043	378	689	547
Southern Pacific ..... 3 mos.	11,735	212,015	2,102	221,525	220,665	25,888	25,188	3,094	40,005	41,916	14,948	3 991	90,674	174,811	171,540	78.9	77.7	46,714	20.064	15,671	17,129
Texas & Pacific ..... 3 mos.	1,936	20,598	17	21,941	21,337	2,646	2,776	253	3,926	3,672	1,235	759	8,364	16.636	15.873	75.8	74.4	5,305	1,431	2,277	2,361
Toledo, Peoria & Western .... 3 mos.	239	2,390	—	2,497	2,458	242	265	19	237	223	59	190	871	1,736	1,701	69.5	69.2	761	264	216	241
Union Pacific ..... 3 mos.	9,473	147,718	1,894	156,445	149,849	17,581	17,113	2,124	30,408	27,125	12,664	4,409	58,301	121.699	113,795	77.8	75.9	34,746	14,810	19,411	16,199
Western Maryland ..... 3 mos.	865	12,127	—	12,888	12,140	1,851	1,836	205	3,286	2.837	920	475	5,002	11,398	10 298	88.4	84.8	1,490	1,000	1,592	1,462
Western Pacific ..... 3 mos.	1,176	14,531	302	15,195	16,501	2,415	2,029	296	3,790	3,356	1,015	925	6,944	15,592	14,428	102.6	87.4	—397	1,318	—2,368	514

Shippers cautious on federal freight aid

The railroads' customers want more freight cars—and they also want the kind of service that better roadways can help provide. But while recognizing the difficulties that railroads have in financing these improvements, shippers are for the most part cool to the idea of direct federal aid.

The overwhelming majority of industrial traffic managers participating in Railway Age's June Traffic Poll voted heavily against the proposed Federal emergency car fleet currently being studied by the Federal Railroad Adminstration (and proposed in a bill introduced by Senator Pearson of Kansas). This proposal got 23 no votes, with only seven ayes.

More popular was the proposal (recently advanced by Consultant Fred Tolan) for a less direct form of aid—the establishment of an independent federal corporation which would acquire general-service box cars with the help of tax and capital advantages and debt-guarantees, but would require no funding from the federal treasury. This got a 25-to-13 nod from the shippers.

• **Tax credit favored.** Still more popular is the idea of reviving the 7% investment tax credit, which the Nixon Administration killed on the last day of 1969.

Eleven of the responding shippers were against any form of federal aid for freight-car acquisitions.

The proposal advanced some time ago by the Western Maryland's Arthur W. Grotz (now retired) for selling roadways to the government, which would then lease them back to the railways, was opposed by 22 shippers and approved by eight. A direct roadway subsidy to the railroads, such as that recently approved in France, got 11 ayes and 16 no's. Twenty-seven respondents opposed all federal aid to roadways.

• **The fear of federalization.** The fear that federal aid could lead to government seizure of the railroad industry was expressed by a number of shippers.

Said G. Frederic Stunkard, traffic manager of Union Tank Car Co.'s manufacturing division, East Chicago, Ind.: "I fear any government subsidy or assistance other than tax relief because they will no doubt lead to a federalized railway system. . . . I would prefer a plan whereby roadbeds would be exempt from local and state real estate taxes and maybe even property taxes of any kind. The lines in the Northeast and the Great Lakes area are being taxed into all but bankruptcy by small and medium sized tax bodies because they are an easy source of revenue. I read recently that the taxes paid on railroad property in Indiana alone were enough to support the educational program of 156,000 school pupils."

C. A. Moultis, traffic manager of U.S. Pipe & Foundry, Birmingham, Ala., went on record as being "violently opposed to anything which might lead to federalization—notwithstanding the car supply situation as it has been, is, and probably will be."

J. A. Rowen, traffic manager of Foremost Foods Co., San Francisco, was among those who felt that a degree of federal aid might be essential, "recognizing the serious nature of the car shortage and what seems to be the downhill run to a chaotic situation." To avoid a "drift toward nationalization," he suggested that "any federal aid should be minimal with specific time limits, Once the situation existing today has been corrected, the lines should be expected to revert to financing their own capital improvements. They should not look to the federal government as a continuing source of capital funds. The period of federal assistance must be used by the lines to formulate long range plans to provide for their own needs."

A sampling of other comments produced by the June Traffic Poll:

"I don't favor too much federal assistance. Let's see the railroads stand on their own two feet and get out and do the job they are supposed to do, instead of looking for excuses. This applies from the top man on down."—P.W. Gosling, regional traffic manager, F. W. Woolworth Co., Minneapolis, Minn.

"I favor car utilization control with overages and shortages of cars being adjusted by car orders issued by the Association of American Railroads in the best interest of all carriers and shippers."—O. E. Andersen, general traffic manager, Penick & Ford Limited, Cedar Rapids, Iowa.

"We need a national car pool of all types with each road contributing fixed dollars each year based on revenues earned from the cars. This would mean equitable contribution by all railroads. Treated as a fixed expense, it should be a step toward better management of capital employed."—W. E. Harvey, general manager distribution, Swift Fresh Meats Co., Chicago.

"I would favor far more research, probably by the Department of Transportation, on the possibility of creating new high-speed surface roadbeds and then a program similar to the Interstate Highway System to get them built. With that roadbed research should go a completely new look at all the supporting technology, the whole underlying means of getting goods and people across the surface of the land. Perhaps the flanged wheel on the steel rail is not the best instrumentality for such surface transportation. In essence, I think it would be refreshing to imagine that the railroads as we know them do not exist and that a completely new means of transport by land must be devised, using all of the resources of modern technology."—John B. Hedges, traffic manager, Manufacturers Association of Connecticut, Hartford.

• **Private leasing companies?** "If the rail carriers cannot furnish the full car fleet, then I feel industry should lease the cars (same as tank cars) from a leasing concern and then collect proper mileage allowance. The mileage allowance must be beneficial to both parties."

(Continued on page 78)

JUNE TRAFFIC POLL

1. To help relieve freight-car shortages, do you favor:

(1) Creation of a Federal emergency car fleet?
Yes. . . . 7 No. . . .24

(2) Creation of an independent Federal corporation that would acquire general service box cars with the help of debt quarantees?
Yes. . . .25 No. . . .14

(3) Restoration of the investment tax credit?
Yes. . . .40 No. . . . 2

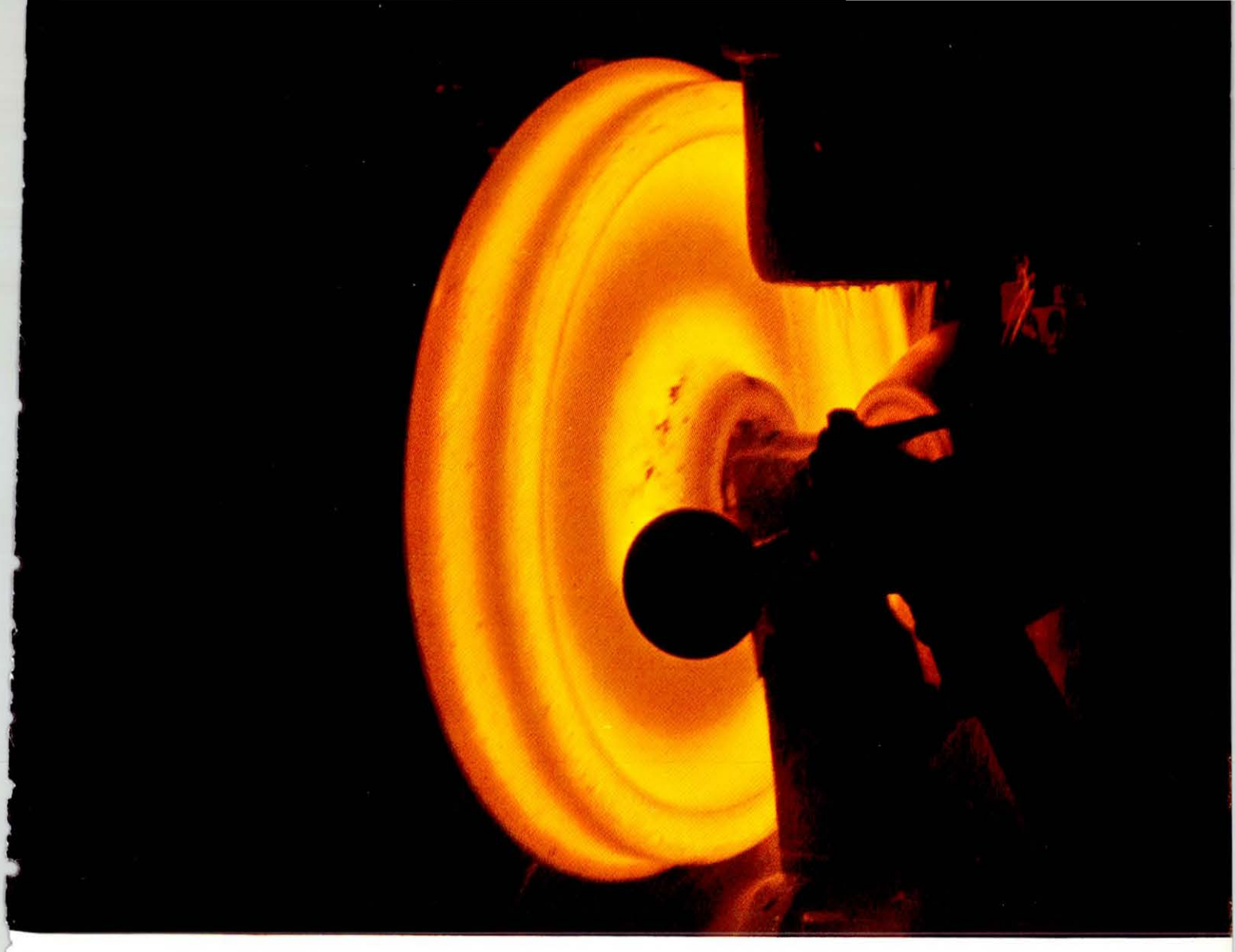
(4) No federal assistance at all. . . .11

2. To help improve roadway, do you favor:

(1) Sale of roadways to the government, and lease-back by the railroads?
Yes. . . . 8 No. . . .22

(2) An infrastructure subsidy to the railroads?
Yes. . . .11 No. . . .17

(3) No federal assistance at all. . . .27



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SOUTHERN
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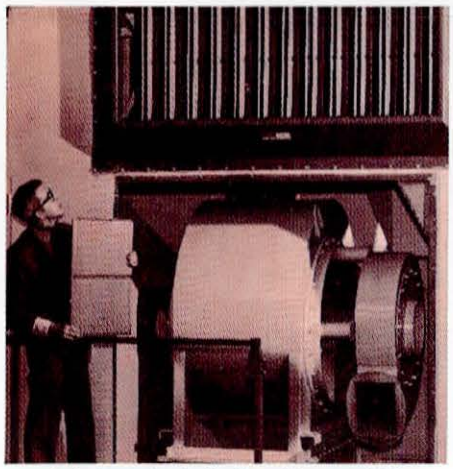
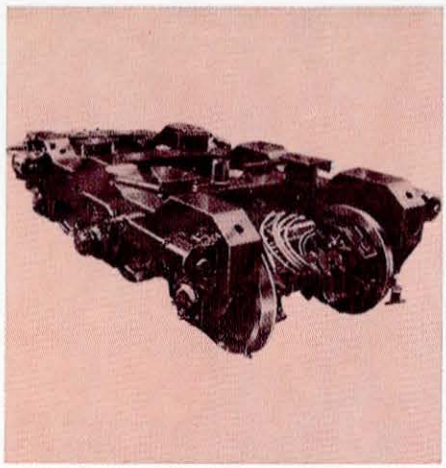
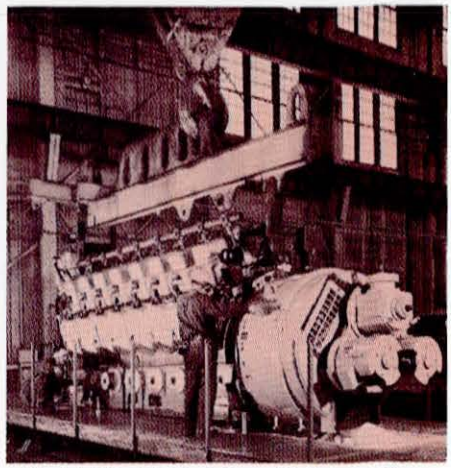


A single mechanically driven blower and fully ducted electrical cooling and combustion air system with pressurized electrical control compartment.



Hi-adhesion trucks with low weight transfer characteristics and matching wheelslip highly discriminating and modulating control system.



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People in the News

H. Porter Morgan
PC

Carl G. Yund
PC

James A. Terhorst
PC

F. J. Wright
Santa Fe

Frank D. Acord
UP

Frank D. Bruner
UP

PENN CENTRAL.—H. Porter Morgan, assistant to vice president–operation–special duties, appointed assistant vice president–freight services, Philadelphia, succeeding **William G. Dorwart,** who retired July 1, after a 44 year railroad career.

James E. Mason, regional assistant superintendent–labor relations and personnel, Philadelphia, named superintendent–labor relations and personnel, Western Region Chicago, succeeding **G. R. Weaver, Jr.,** named director–financial personnel, Philadelphia.

Frank L. Manganaro, manager of fire prevention and protection, Philadelphia, appointed to the newly created position of manager–environmental control.

Three superintendents named in the Philadelphia Commuter Area: **John K. Shoemaker** (suburban transportation); **Frank D. Abate** (suburban equipment) and **Robert A. Donnelly** (suburban stations). **David M. Wilt** named general supervisor–materials; **Maurice H. Hoffman,** supervisor–stations, and **Ernest H. Jewell, Jr.,** executive assistant to general manager. Mr. Shoemaker was formerly regional supervisor–passenger train operations, New Haven Region; Mr. Donnelly was manager–passenger terminals at Philadelphia; and Mr. Abate was master mechanic, Western Region, Chicago. Mr. Wilt was formerly a material control supervisor–system; Mr. Hoffman, a supervising passenger agent–system; and Mr. Jewell held an identical administrative position on the PC's Northeastern Region at Syracuse, N.Y.

Hershel E. Ring appointed assistant general manager, Northeastern Region, New Haven, Conn. He was formerly general superintendent of transportation, Syracuse, N.Y.

Carl G. Yund, superintendent, Cincinnati division, advanced to general superintendent–transportation, Southern Region, Indianapolis. Mr. Yund's successor is **James A. Terhorst,** formerly superintendent of the PC subsidiary, **Ann Arbor,** Owosso, Mich.

SANTA FE.—F. J. Wright appointed assist-

(Continued on page 70)

TRAFFIC MAN

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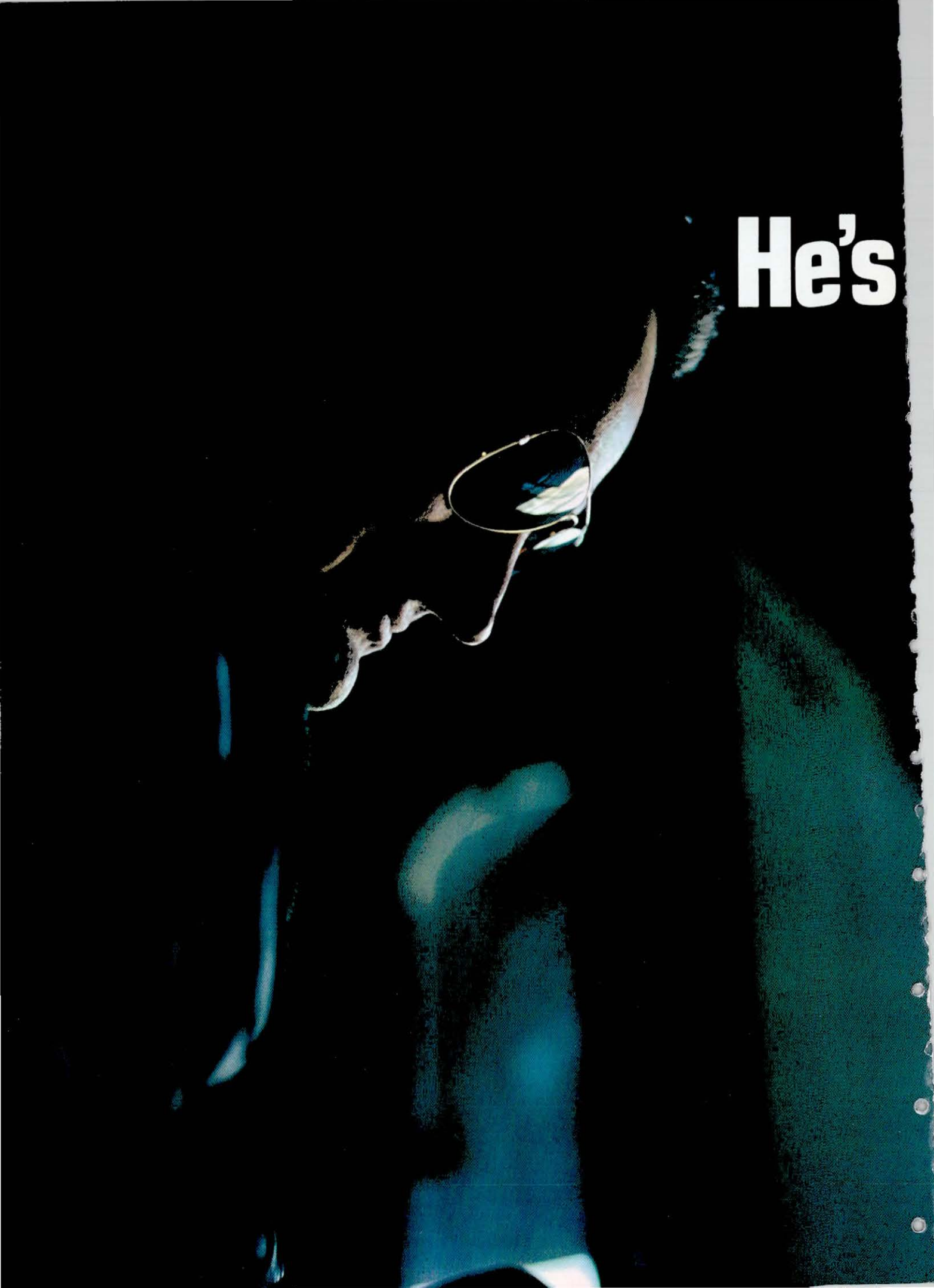
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Key to profitability is reliability: RSMA

Railroad service performance improvement can serve two masters at the same time—through satisfaction of a shipper's distribution needs, and through use of rail capital without waste. Service performance improvement can make money for customer and carrier simultaneously—if rail men better grasp the axiom that pursuit of consumer interest in no way warps protection of carrier interest. But that message still needs a lot of communicating—between customer and rail traffic man, and between rail traffic man and rail operating man.

Who says so?

William K. Smith, General Mills, Inc., vice president, for one. Paul H. Reistrup, Illinois Central vice president, for another. And Robert A. Wharton, Southern assistant vice president for operations planning. And Thomas J. Regan, International Minerals & Chemical Corp. operations director. And a man in the middle, James C. Wahl, president of Master Transportation Computing Corp. And the other participants—from both sides of the customer-carrier line—in June's Railway Systems & Management Association meeting at Chicago.

"If rails are to survive," says another participant, Harvey M. Romoff, Canadian Pacific research department manager and meeting chairman, "they must concentrate on what the customer wants, not just on what it is easy and convenient to produce."

● **One-word formula: Reliability.** Romoff's word is amplified by GMI's Smith, a consumer, but one fully aware of carrier needs. The formula according to Smith: Reliable service leads to greater car utilization which leads to either lower investment in equipment or investment in better equipment.

"Reliability producing better utilization." Smith insists, "*can* produce more profit for the railroads."

Reliability, Smith contends, would speed up the loading-unloading process. And that would lead to fuller use of the rail car supply, which the GMI executive says already is larger than the U.S. actually needs.

Looking from the other side, Paul Reistrup agrees. "We must begin to move cars," he says. "We've simply got to realize that we are part of our customer's distribution system. There are millions of dollars in additional revenue sitting out there that will go to the railroad that provides the service that will enable its salesmen to get it."

And the thinking of Robert Wharton goes this way: To make an impact on the transport market, rails must follow a policy that gives customers dependable service while it maximizes rail return on investment. Wharton is convinced that both propositions can be satisfied.

He adds, however, that dependable service can be gained "only when top management is convinced that this is the way to greatest profits and then is willing to commit time and energy to make it happen."

● **How much reliability?** So much for agreement on reliability as the key to customer satisfaction and carrier efficiency. The next question is: How much reliability?

General Mills' Smith says delivery of nine out of ten cars at the promised time—give or take 24 hours—would be the right level. And rails, Smith adds, say that 90% in a 72-hour span is "reasonable."

> "We've got to realize that we are part of the distribution system"

He admits, however, that the best he can get now is 80% from one of the 30 railroads used by General Mills, for one 600-car-per-month site.

Reistrup is slightly less demanding. He says 85% reliability "would be good enough." He adds: "I've never run into an unreasonable customer. In fact, I don't know why they're as patient as they are."

● **Reliability stands on communication.** There is more reliability, RSMA participants agree, than a consensus that reliability is essential. Efforts toward reliable service need a basis—summed up in that old word, communication. Here, it is communication of two things: First, the need for reliability; second, the information that makes reliability a reachable goal.

"One of the biggest jobs I have in selling service," Reistrup says, "is with our own operating department. I must succeed in selling our operating and other departments on the idea that we must have better service, if every one of Illinois Central's freight salesmen is to become more effective and successful. We get nowhere if we have excellent salesmen with nothing to sell."

Such communication between operating and traffic people is just a prelude to the real communication of information that feeds service performance. Communications between the departments should be so good, in fact, that "we should have someone from traffic who prods the operating people," Reistrup says. "What I want is enough information and someone rambunctious enough to put the pressure on."

That's what customers like William Smith want, too. To get the message to the rail men—so rail men can in turn get messages to the customer—General Mills is moving through a program of dialogue with each of the 30 railroads that move GMI traffic. At the rate of one railroad per month, GMI traffic men meet rail traffic men. The results in harmonizing shipper needs and rail capability are "very encouraging," Smith says.

● **"Intolerable" scene without information.** Just how important is an information system of some kind? Another RSMA participant and another customer, International Minerals and Chemical's Thomas Regan, says: "Unless we have a free flow of information, the freight transportation situation could become intolerable. We must have reliable information, even if it's undesirable, such as word of delays."

Shippers, Regan says, must know the facts of car supply and utilization, car location and sightings, and even of general operations. Shippers must tell railroads far enough ahead of need so the railroad can respond. And the railroad must tell the shipper what the railroad can do. Neither should exaggerate. The shipper must not overplay need, nor the railroad capacity.

Information on general operations is as important as information on cars, Regan says. Often, he adds, word of derailments, yard congestion, track overloads, and even of line abandonment does not reach a shipper whose routings are affected.

● **Bad communication destroys quality.** The view from the communications industry itself is expressed by James C. Wahl, president of Master Transportation Computing Corp.: "If communication is good, quality control is enhanced. If communication is poor, quality control is destroyed."

Shippers react to railroads on the basis of "perceived value," Wahl says. That means a customer believes service is good if he perceives it as good. And, "how well you communicate with your customers is going to have a direct bearing on how they perceive the value of your service," Wahl says.

Rail traffic people need a system for monitoring rail operations because customers are doing their own monitoring. Customers can "ask embarrassing ques-

tions that the traffic man must be able to answer," Wahl says.

The operating people must be concerned about the contents of the communications system, Wahl adds. They must appreciate the fact "that when trains start running slower it means hard cash out of the customer's pocket."

He warns: "If you don't communicate, someone else who is better at it than you is going to come in and do it for you."

The "someone else" may be the shipper himself. Many, Wahl says, are "looking very, very hard at private carriage." This is an echo of a statement by Reistrup that "Our greatest competitor is private transportation."

Still another shipper supports the need for communicating with the men who keep the trains running. Richard J. Scott, Phillips Petroleum operations-research supervisor, says bluntly: "We feel that somehow you are not getting down to the operating people." The shipper, Scott ads, genuinely wants the carrier to make money, too—but with efficiency.

● **Wharton's measurement formula.** Talk of reliable service based on communication leads to the measurement of service, the input for a good communications system. The two propositions—provision of dependable service and a maximized return on investment—"can be satisfied through the improvement of in-transit time by quality control standards and measurements of service performance," says Southern's Robert Wharton.

This is a "totally new concept," Wharton adds. "Railroads have never provided over-all consistent and dependable service. And in routes where two or more railroads participate, the relative performance tends to deteriorate rapidly.

"We must first be able to measure our performance and then address ourselves to the variables which are causing performance deviation."

In sum, the kind of information program Wharton advocates would provide (1) real-time and historical data on local switching service at origin and destination, (2) yard performance for the scheduled moves of individual cars, and (3) train performance for the scheduled moves on individual cars. Such a program could provide advance consists showing what cars are set to move on each departing train. Thus, a consist of departing trains and a list of overflow tonnage would be known before the arrival of individual cars in a yard.

More specifically, the measurement needed for such a program would determine (1) the makeup of each route's traffic and each route's performance, (2) which cars exceed standards, (3) the service performance given to each customer for cars on all routes, and (4) performance of inter-road service.

The key, Wharton says, is to determine individual car performance by linking the car movement record with a customer "place" and "release" record in a computer. Then you measure reliability or determine variability against predetermined standards.

"With implementation of 'place' and 'release' records," Wharton says, railroads will have the ability to measure the over-all service performance from the time a customer orders a car to the time the car is placed at the consignee's dock, anywhere in the country.

"This statement assumes, of course, that all railroads along the route of these cars are participating in the inter-road procedures."

Reference to that assumption reflects a hint by other RSMA participants that the communications problem is bigger than one individual railroad. As William Smith says: "We need interline standards and measurement. The individual railroads are doing all right, but railroads don't work together on standards." ■

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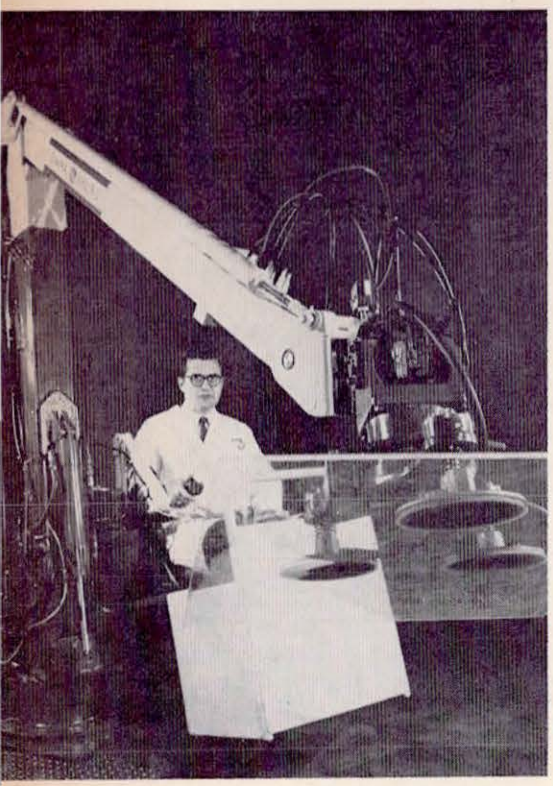
New Products Report

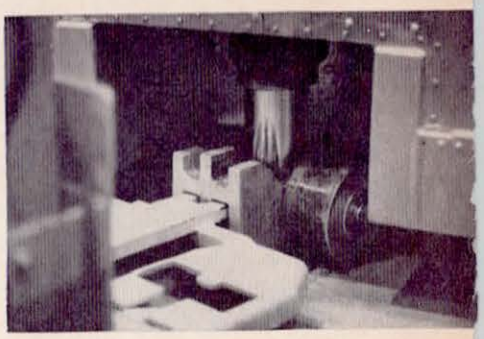


Materials handling machine (RA-1)

The "Man-Mate" industrial boom has been beefed up so it can lift loads of up to 370 pounds (the first model was nominally rated at 100 pounds). The boom incorporates a new technological principle of force feedback control provided by a unique hydraulic Servo system. It is so sensitive to the touch and so dexterous that it handles with ease such fragile loads as sheet glass, unfired porcelain and glass molds.

"Man-Mate" can be used for assembly-line procedures such as dipping, painting and enameling, storage and warehouse sorting, loading, transferring and unloading. It complements materials handling equipment like overhead cranes, conveyor lines and fork lift trucks.

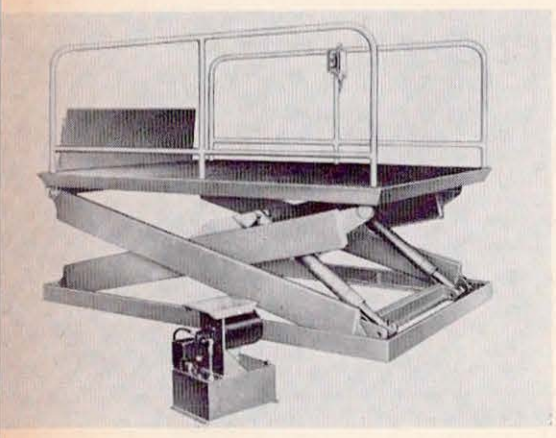
Unskilled operators can master the machine with a minimum of training. The boom manipulator simulates many of the motions of the operator's arm and wrist. The force feedback gives the operator a sense of feeling as if he himself were picking up the object with his hand. *General Electric Co.*



Container wheels (RA-2)

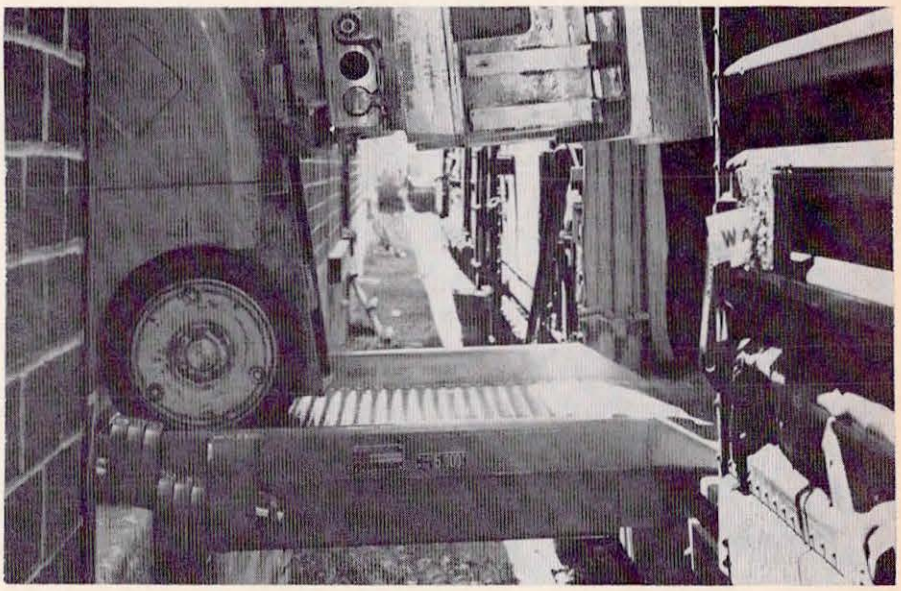
Self-contained, hydraulically-retractable wheel sets can be installed on new or existing containers to permit greater mobility at less cost in terminals, warehouses or aboard vessels.

Containers fitted with the sets can be moved singly or in tandem and they can be double stacked to save yard space. Railroad cars can be loaded with coupled containers using the wheel sets, and truck owners using them can reduce rolling gear by two-thirds when handling containers. Energy is supplied by a 12-volt battery. *Save-A-Lift.*



Lift cargo transfer (RA-3)

A new high stability stationary lift cargo transfer is designed for loading docks that are too high, too low—or where there is no dock at all. A complete unit, it requires only a shallow pit and a power hook-up. The device features 60-in. travel, remote power pack for mounting in nearby protected area, pushbutton controls, diamond tread deck, piano hinged lip, tapered toe guards and removable guard rails. There are self-lubricating bearings or bushings at every pivot point. It has heavy-duty, hard-chromed rams. *Blue Giant Equipment Corp.*

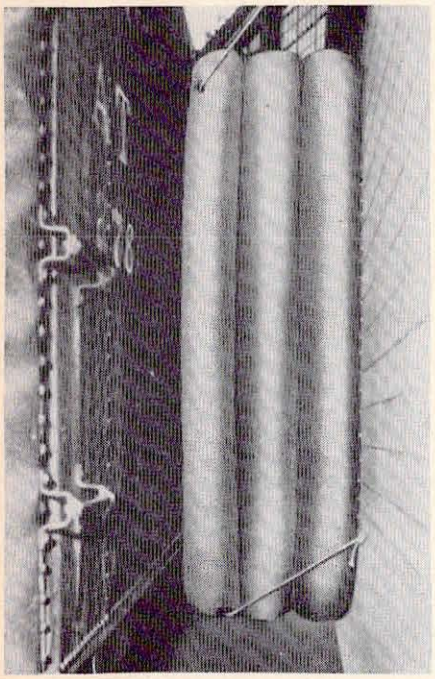


Rail dock plate (RA-4)

Positive locking between rail and car deck is said to be accomplished automatically when the Steelsafe Bridgomatic dock plate is positioned and, through its use, thousands of dollars are saved in lost time from accidents.

In operation, a steel box understructure butts against the rail car while D-rings automatically drop into place against the dock to provide an immediate solid lock of the plate. Lift loops offer easy pick-up by fork truck. As forks are withdrawn, loops automatically drop into flush position. Side curbs prevent equipment from accidentally running off edge.

Sizes are available for every type rail car and dock. Widths range at car ends from 58 to 236 in.; lengths, as required. *Woodford Manufacturing Co.*

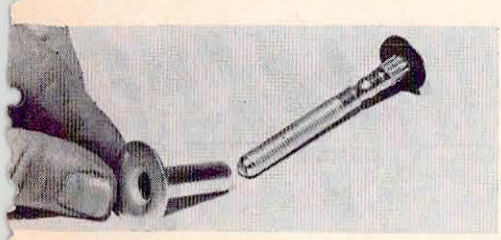


Dock seal (RA-5)

A new railroad siding air-supported dock seal provides a completely enclosed, draft-free passageway from building to railroad car. Called Model R, the enclosure is made of abuse-resistant, neoprene-coated nylon with double ply reinforcements. It seals out the elements, permitting highly efficient loading/unloading operations.

Model R is entirely supported by low volume air pressure supplied by a maintenance-free weatherproof blower that mounts inside the building. If a lift truck strikes the inflated enclosure, air is forced back through the blower, leaving the cover undamaged.

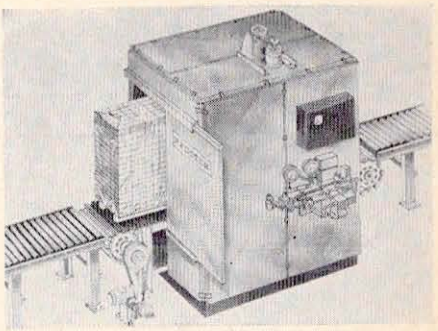
When not in use, the enclosure is deflated and a flexible stretch cord lifts the seal out of the way to prevent covering the door opening. No frame protrudes from the building to be damaged or block visibility. *Airlocke Dock Seal.*



Container fastener (RA-6)

The Hucktainer fastening system, consisting of a pin with a preassembled weather seal and sleeve, is designed for the attachment of plastic or metal-clad plywood to container framework members. It features a low-profile inside and out, a "tell-tale" of pilferage and weatherproof design.

Any attempt to pry the pin out becomes visually apparent in the distortion of the head and/or weather seal. No specialized training is required for installation. *Huck Manufacturing Co.*

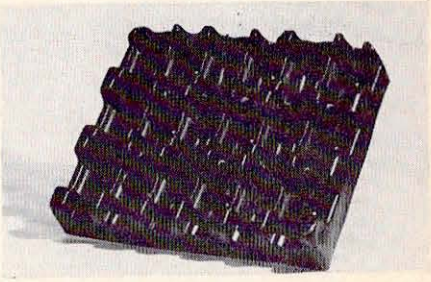


Shrink film pallet oven (RA-7)

A new shrink film pallet oven can handle any size pallet with regularly or irregularly shaped loads. It is capable of shrinking film onto the pallet load.

The oven permits outdoor storage, minimizes breakage during shipment, speeds inventory control, reduces costs both in packaging and shipping and reduces pilferage.

The oven consists of a conveyor to carry the pallet through the oven, a gas-fired hot-air circulating system and sequentially operated doors. The unit can handle 60 or more pallet loads per hour and is supplied with instrumentation and gas safety equipment. It is shipped in modules and can be rapidly installed. *Proctor & Schwartz.*



Dunnage tray (RA-8)

During in-shipment tests of one-piece, 30-lb trays being used in the delivery of front-wheel disc brake assemblies to automobile assembly plants, trays and their contents are said to have remained undamaged even when freight cars were humped at 11 mph.

The trays, expected to withstand repeated round trips for up to five years, are thermoformed from Monsanto MPE 500 high-density polyethylene. They accommodate payloads of about 600 lb. No other packing is needed. In transit, loaded trays are stacked in metal frames to reinforce each other. *Jered Products, Inc.*

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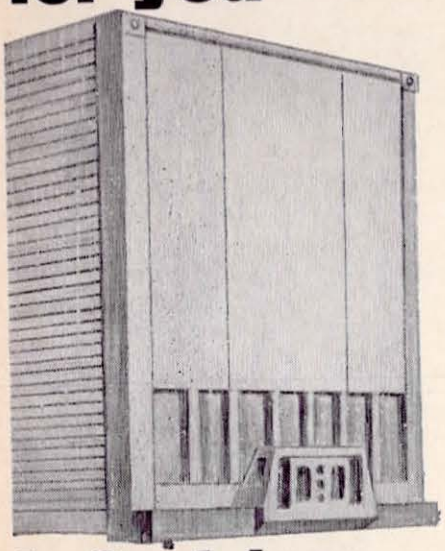

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(Continued from page 63)

ant vice president—traffic, Chicago, effective July 1, to succeed **Leo C. Hudson,** promoted (RA, June 8, p. 88).

S. P. Selby named general transportation inspector Eastern Lines, Topeka, Kans., succeeding **D. M. Miller,** promoted.

G. E. Becker named superintendent, Valley division, Fresno, Calif., succeeding **Sidney Rogers,** who retired June 30 after 41 years of service.

SEABOARD COAST LINE.—Joe K. Moore appointed attorney, Tax Division, Jacksonville, Fla.

SOUTHERN.—Ronald W. Piasecki appointed manager, purchasing development, Washington, D.C.

Robert L. Nall, sales representative, Savannah, Ga., appointed district sales manager, Augusta, Ga.

John F. Corcoran, sales representative, Atlanta, promoted to district sales manager, Rome, Ga. **Melvin B. Coalson,** district sales manager, Jacksonville, transferred to Atlanta. **William L. Sutton, Robert F. Groover,** and **Crosby A. Price,** assistant district sales managers, at Jacksonville, Tampa, and Orlando respectively promoted to district sales managers. **Thomas R. Monroe,** assistant district sales manager, Miami, retired June 1. **William S. Bennion,** assistant district sales manager—perishables, Miami, promoted to district sales manager, West Palm Beach. **Rufus H. Lawrence,** sales representative Miami, promoted to district sales manager.

Jack B. Hilton, superintendent of terminals, Jacksonville, Fla., transferred to Chattanooga Tenn. succeeding **I. Lee Pratt,** retired after nearly 50 years of service.

Robert N. Morris, research manager (fuels) appointed market manager for fuels, with headquarters remaining at Washington, D.C.

Jesse E. Atkins, Jr., appointed senior buyer and **William F. Joy** named assistant buyer, Washington, D.C.

Edward M. Caldwell appointed assistant manager, systems and procedures, Washington.

John L. Stover, director, public relations, Washington, D.C. retired May 1, after 24 years of service.

SOUTHERN PACIFIC.—A. J. Heinrich and **L. N. Monk,** assistant general freight agents, named assistant traffic managers-rates and divisions, with headquarters in Houston.

UNION PACIFIC.—Frank D. Acord, assistant general superintendent of motive power and machinery, advanced to general superintendent of motive power and machinery, to succeed **David S. Neuhart,** who retired May 31. **Frank D. Bruner,** mechanical superintendent-system, replaces Mr. Acord. **Robert P. Neeley** named mechanical superintendent-locomotive, Omaha.

James L. Craw appointed director of compensation planning and administration, New York. Mr. Craw was formerly personnel director, National Distillers & Chemical Corp., New York.

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S. G. Peterson
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A. L. Shaw
REALCO

Harry W. Crank
Fruehauf

R. A. Werner
National Steel

SUPPLY TRADE

A. Reid Kenedy, Jr., has been appointed director, **Railway Educational Bureau,** a division of **Simmons-Boardman Publishing Corp.,** at Omaha, Nebr., effective July 1. He succeeds **Joe S. Betz,** who is retiring June 30 after 42 years with the Bureau. Mr. Kenedy, who joined the Bureau on June 1, has been a publisher of religious, informational and educational material with P. J. Kenedy Co., Crowell Collier and MacMillan, Inc., all in New York.

Robert A. Bollman, sales manager, **Buffalo Brake Beam Co.** and the **Unit Truck Corp.,** has been elected vice president—sales for both companies.

S. G. Peterson, vice president of these companies, has been appointed vice president engineering of both companies.

A. L. Shaw, general manager, Southern Region, **REALCO SERVICES, INC.,** has been elected vice president—sales, Atlanta, Ga.

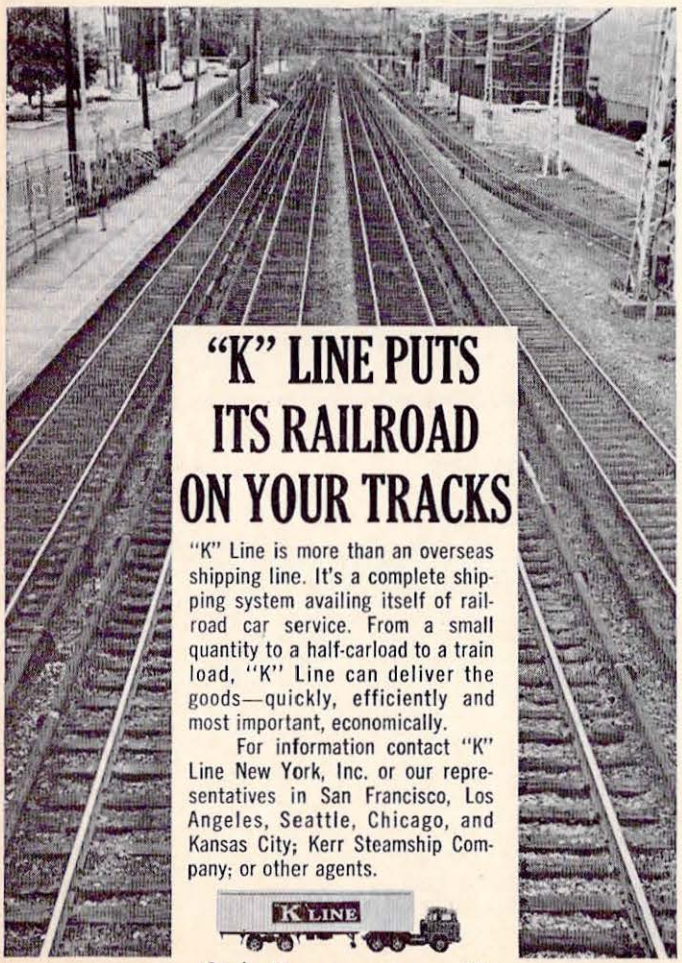
Fruehauf Corp. has announced that the former **Magor Railcar Division** has been renamed the **Fruehauf Railcar Division. Harry W. Crank** has been named vice president and general manager of the division, at Clifton, N.J. He was formerly Southwestern division sales manager, Independent Metal Products Division.

R. A. Werner has been appointed regional sales manager, Midwest Region, **Transportation Products Division, National Steel Corp.,** effective July 1.

Rowland C. W. Brown has been elected president and chief executive officer and a director, **Buckeye International, Inc.,** Columbus, Ohio. Mr. Brown was formerly president and chief operating officer, Dorr-Oliver, Inc., Stamford, Conn.

North American Car (Canada) Limited has created an affiliate corporation, **Ultrapulse International Limited. E. C. R. Lasher** is chairman of the board; **D. E. Kerlin,** president and chief executive officer; **C. P. Johnstone** and **James B. Allen,** vice presidents. Mr. Lasher is president, **North American Car (Canada),** and Mr. Kerlin is a director.

ACF Industries has changed the name of its railroad carbuilding division from **American Car & Foundry** to **Amcar division.**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JOHN LEVETT'S

WORLD REPORT:

Egypt loses a loser in Sinai

While the middle east bubbled and boiled, most people I met in Cairo a week or two ago seemed thoroughly relaxed. And whatever the tension outside, there was certainly none in the offices of Egyptian Railways (ER).

The only problem bothering ER board chairman Aly El-Daghestany was how to cope with the tremendous upsurge of traffic, now all but clogging the main traffic routes. The war situation he dismissed with a flick of his hand.

"It's hardly affected our operations, and certainly not adversely," he claimed. "True, we no longer have the Sinai line—but that always cost us money anyway. And the increased military traffic is being paid for at full commercial rate."

Traffic growth is a real problem. Egypt's population explosion—from 21 million in 1952 to 32 million today—combined with a dramatic rise in industrial and agricultural output, has strained railroad capacity to its limits.

ER officers are doing their best to ease the strain. But it's a giant task and money is short.

Most immediate step is to improve signaling. All single-track main lines will get CTC. Automatic block—now used over only 72 miles of line—will be extended to cover the whole of the main trunk route.

Almost all freight traffic—now 11 million tons a year, compared with 6.3 million tons in 1952—passes through Cairo. And the bottleneck there slows down turnaround to about seven days, even over short distances.

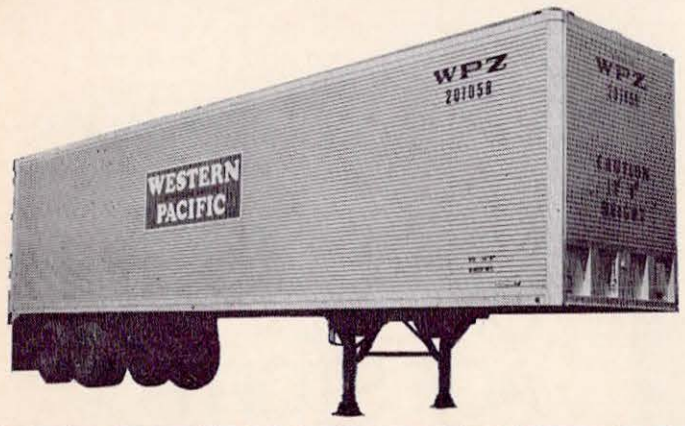
Ground is being cleared for a new yard just outside the city. With a daily capacity of 5,000 cars it will be Egypt's largest. When it comes into operation in 1975—complete with modern control installations and automatic retarders—it should help cut the aspirin intake in ER's operating department.

So far the railroad still makes an operating surplus. But that's not a situation likely to last, El-Daghestany told me.

Labor costs are rising rapidly, and so are track costs. And for social reasons freight tariffs have been held at the present level since 1957. The trend is clearly towards deficit, and ER expects to join the international subsidy club within a year or two.

One thing is certain—things would have been much worse if dieselization had not been completed ten years ago. GM and Henschel diesels supplied then are still giving fine service, I was told.

Said El-Daghestany: "It certainly paid off. With the money saved on fuel we've been able to pay the instalments on the locomotives. And do you know, with half the cost we get double



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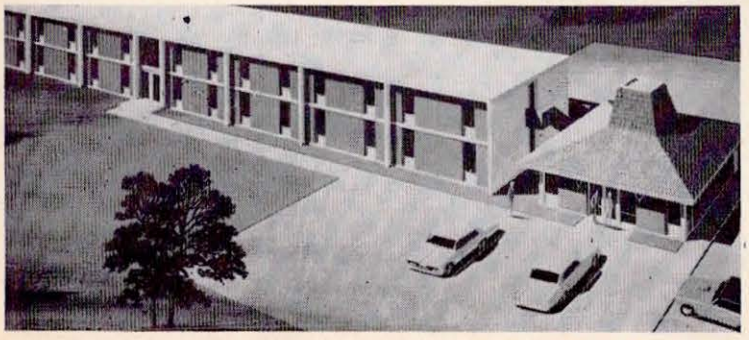

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the mileage from our diesels that we did from steam?"

A new line now under construction, when amortized, should prove profitable. Stretching 220 miles across desert to ore mines at the Bahariya Oasis, it provides a direct link with a new steel complex being built at Helwan.

Traffic of raw materials and finished products to and from the steel plant should boost ER freight totals by 9,000,000 tons a year.

France introduces 100-mph turbotrains

The first of the four-car turbotrains ordered by French National Railways (SNCF) are now in service. By the end of the year ten sets should be flashing along intercity routes, all topping 100 mph. But that won't see the end of SNCF's turbine program.

Orders have already been placed for two experimental five-car turbo trainsets—and they'll be geared for speeds up to 300 km/h (187.5mph).

Also in the study stage is a project for a new gas turbine locomotive. Some SNCF engineers are arguing for a twin-turbine power unit. Others favor a single high-power turbine.

Once the study has been completed, prototype construction will begin. Like the trainsets, top speed will be 300 km/h.

Though engineers are enthusiastic, SNCF accountants still have to be convinced that gas turbine operation could lead to major economies. But the cost of sets now operating was less than that of a similar-capacity diesel train. And the cost of the sets plus running costs could be a lot less than a major electrification scheme.

So far there have been no bugs in the new trains. And, claim French engineers, they need much less maintenance than diesel units.

Cablelayers in Rhodesia find their work beastly

Laying cables for railway signaling is never as simple as it looks to the layman. There's usually some problem to overcome—and if it's not one thing it's another.

But it's unlikely that U.S. engineers ever meet the hazards that afflict African cable layers.

When CTC was proposed between Gwaai and Wankie, Rhodesia, men on the job were worried about possible interference from the vast herds of elephants that roam Wankie National Park.

So they buried the cables.

What they hadn't counted on were the Rhodesian termites, which just loved that cable covering. Eventually the engineers capitulated and raised the cable on stilts above track, giraffe and elephant level.

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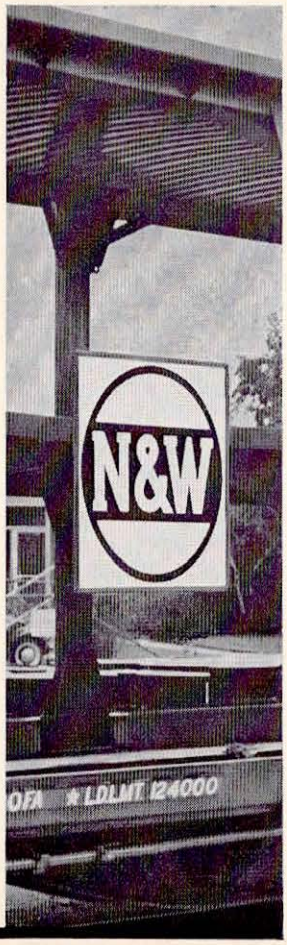

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For another chapter, turn the page.

INDUSTRIAL TRAFFIC

Patrick J. Simpson has been appointed general traffic manager, **INTERTHERM INC.,** St. Louis, Mo.

Myron B. Smith has been appointed manager, corporate traffic systems, **American Home Products Corp.,** New York. Mr. Smith was formerly general traffic manager, Boyle-Midway Division.

William F. Finley, manager of transportation services, **Alan Wood Steel Co.,** Conshohocken, Pa., has been named director of traffic and transportation succeeding **Cornelius X. Coyle,** who has been given special assignments in Transportation.

Thomas J. McGuirk has been appointed manager of customs and services, Corporate Traffic Department, **American Metal Climax, Inc.,** New York.

William O. Bohnefeld has been appointed manager of transportation and marketing services, **Ozark-Mahoning Co.,** Tulsa, Okla.

Horace McTavish has been appointed manager of transportation, **Gulf Oil Canada Limited,** Toronto, Ont., succeeding **Harry Henson,** retired after 50 years of service.

Donald M. Murray, manager of transportation services **B. F. Goodrich Chemical Co.,** Cleveland, has been named general traffic manager, succeeding **Charles H. Sturgeon,** who has left the company.

John S. Hafner, general traffic manager, **Algoma Steel Corp., Ltd.,** Sault Ste Marie, Ont., has been appointed director—transportation, **Iowa Beef Processors, Inc.,** Dakota City, Neb.

John Labriola has been appointed manager of rail and truck distribution, salt department, **Cargill, Inc.,** Minneapolis. **Gary Sornsen** has been named rail traffic manager.

DeWayne W. Tuthill has been appointed traffic manager, Crucible Alloy and Stainless Steel Divisions, **Colt Industries,** Midland, Pa. He was formerly manager of traffic services at Crucible's headquarters in Pittsburgh, prior to which he was associated with the **Milwaukee** and **Pennsylvania.**

Joseph R. Erwin has been appointed to the newly created post of general traffic manager, **Jos. Schlitz Brewing Co.,** Milwaukee, Wis. He was formerly assistant manager of traffic, **U.S. Steel Corp.,** Pittsburgh.

Robert J. Sullivan, manager of traffic operations on the west coast, **Shell Oil Co.,** has been appointed traffic manager, Transportation and Supplies Department, New York, succeeding **William H. Morley,** who retired June 1.

Truman J. Eddy has been named district traffic manager, **National Lead Co.,** Chicago.

Larry Buchholz has been named western regional traffic manager, **General Tire & Rubber Co.,** with headquarters at City of Industry and Orange, Calif., succeeding **R. E. Grant,** resigned.

D. W. Berg, manager of transportation services, **Boise Cascade Corp.,** Portland, Ore., has been transferred to Boise, Idaho, with responsibility for the overall coordination of transportation services to the operating groups. **William A. Jones,** assistant traffic manager **Boise Southern,** DeRidder, La., has been appointed traffic manager, Paper Mill Group, Portland.

OBITUARY

G. F. King, secretary and personnel director, **Tennessee, Alabama & Georgia,** died June 11.

Merrill B. Knox, 73, consultant to the **Chicago Transit Authority,** died June 7 in Presbyterian-St. Luke's Hospital.

Alden L. Stevenson, vice-president of engineering and test, **Harmon Electronics, Inc.,** died June 6.

What a target

for your industrial development advertising

—the bullseye, that is—the freight traffic officers of America's 10,000 biggest shippers!

You can hit it

dead center with your advertising—just as freight traffic's top 10,000 is warming up to the subject in Railway Age's big August 31st Freight Traffic issue featuring

Industrial Development

Advertising closing date: August 17, 1970

ACF makes car parts from A

Angle cock bracket assemblies
Angle cock U-bolts
Body side bearings
Brake fulcrums
Brake pins
Bridge plates
Center-of-car cushioning
Coupler carriers
Coupler carrier wear plates
Coupler centering devices
Defect card holders
Dome covers and rings
Draft gear carriers
Draft gear follower plates
Draft keys
Draft key retainers
Draft key retainer washers
End-of-car cushioning
End sills
Forged center plates
Grab irons
Hose Clamps
Industrial car parts
Journal box lids
King pins
Ladder rounds
Manway covers
Nozzles
Outlet caps (tank car)
Placard holders
Running board supports
Sill steps
Tank car valves
Trailer hitches
Uncoupling devices
Vibrator attachments
Welded strikers

to W

We'll supply X, Y, and Z just as soon as someone invents them. And when we do, you'll be sure of their quality and reliability. Because paying attention to detail has earned ACF quite a reputation in these parts. For details, write ACF Industries, Incorporated, Amcar Division, 110 Clark Street, St. Charles, Mo. 63301.

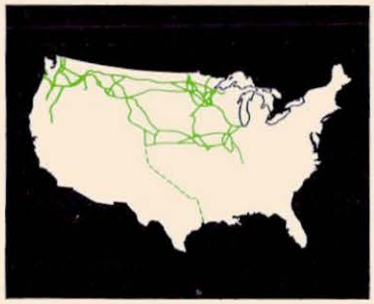
acf ACF INDUSTRIES

These 8 men give shippers the good word.

On March 2, 1970 Burlington Northern became America's newest transportation system. We promised to do more for shippers.

We promised to say "Yes" more often.

To do this we divided Burlington Northern territory into six fully staffed regional offices. Each with a knowledgeable vice president to oversee the entire setup. These men, along with the presidents of two subsidiary lines, help us stay on top of our own day-to-day operations, and meet and solve the special problems and needs of shippers in that region.



The results are more than encouraging.

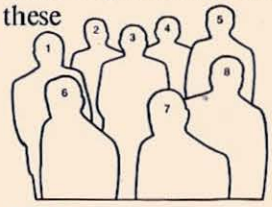
Talk to John Davies and Worth Smith of the Billings and Seattle regions. They'll tell you that coordination between yards is already reducing terminal delays. Fred Deines of Omaha and Jim Westergard of Portland will tell you how the merger made Burlington Northern's shorter, faster route between the Midwest across the Great Plains and the Northwest the preferred corridor. Eastern shippers have taken to it so well that we've had to add more trains.

Ivan Ethington of Chicago will tell you how he can say "Yes" more often to shippers because another freight train has been added to the half dozen already operating daily between Chicago and St. Paul. And Don King of Minneapolis will point out that shippers are taking advantage of dropping off partial shipments at various points at no extra cost.

One of the most important "Yesses" from the merger is that shippers can now move goods between Seattle and the Gulf on one line. Thanks to BN's subsidiaries, The Colorado and Southern and Fort Worth and Denver. Headed by Presidents John Terrill and Ellis Simmons.

No other railroad has this service.

These are just a few ways we've kept our promise to shippers so far. And this is just the beginning. We're going to keep on saying "Yes" whenever and wherever we can. As often as possible. And with yes-minded men like these up front, our promises are coming true more often.



1. Ellis Simmons
President, Fort Worth and Denver Railway
2. Fred Deines
VP Omaha
3. John Davies
VP Billings
4. Ivan Ethington
VP Chicago
5. Worth Smith
VP Seattle
6. John Terrill
President, The Colorado and Southern Railway
7. Jim Westergard
VP Portland
8. Don King
VP Minneapolis

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- **Diesel motive power**
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- **Electric M-U cars**
- **M-U trailer cars**
- **Diesel rail motor cars**
- **1969 installations of new diesel locomotives**

. . . all listed by number of units in the various horsepower classes.

Easy to use, invaluable for railroad men, railway supply companies, manufacturers, representatives, etc.

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Simmons-Boardman Publishing Corp.
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New York, N.Y. 10007

Enclosed is $___. Please send me _____ copy (s) of the "1970 Railway Motive Power Inventory."

Single copy $6.50.

Three or more copies $5.00 each.

Name _____

Street _____

City _____

State _____ Zip_____

Shippers cautious on federal freight aid

(Continued from page 58)

—E. L. Hanson, traffic representative, Chevron Asphalt Co., Baltimore, Md.

"Federal assistance should be avoided in the area of freight-car supply until other means of self-help are inaugurated and thoroughly tested, such as: (1) Per diem incentive with incentive income to be used for new equipment purchases; (2) establishment of railroad service standards, which will force carriers to improve service with the result of better car utilization."—R. E. Alexander, vice president, Pillsbury Co., Minneapolis.

"I feel that the creation of an independent federal corporation is practical and feasible. It should not be limited only to box cars but should include all types of general service cars —not special equipment or equipped cars. I also feel the investment tax credit should be restored. A way should be found so that rail carriers, perhaps all transportation carriers, could be able to borrow money at lower interest rates."—J. Robert Morton, vice president corporate transportation, Combustion Engineering, Inc., Windsor, Conn.

"Let the railroads charge a reasonable rate and finance equipment through internal cash flow or go to the capital markets."—Joseph A. Ottenheimer, director of distribution, Admiral Corp., Chicago. ■

DIVIDENDS DECLARED

CHESAPEAKE & OHIO.—$1, quarterly, paid March 20 and June 20 to holders of record March 2 and June 1, respectively.

GREAT NORTHERN.—75¢, quarterly, paid Feb. 2 to holders of record Jan. 9.

GULF, MOBILE & OHIO.—70¢, quarterly, paid March 23 and June 15 to holders of record March 4 and May 25, respectively; $5 Preferred, $1.25, quarterly, payable Sept. 14 to holders of record Aug. 24.

ILLINOIS CENTRAL INDUSTRIES.—28½¢, quarterly, paid April 1 and July 1 to holders of record March 6 and June 5, respectively; $3.50 Preferred, 87½¢, quarterly, payable July 1 to holders of record June 5.

SOO LINE.—$1, payable July 27 to holders of record July 13.

SOUTHERN.—75¢, increased, quarterly, paid March 16 and June 15 to holders of record Feb. 13 and May 15, respectively; 5% Preferred, 25¢, quarterly, paid March 16, June 15, and Sept. 15 to holders of record Feb. 12, May 15 and Aug. 14, respectively.

SOUTHERN PACIFIC.—45¢, quarterly, paid March 23 and June 22 to holders of record March 2 and June 1, respectively.

UNION PACIFIC.—50¢, quarterly, payable July 1 to holders of record June 8.

Wally, we need you.

Institute of Scrap Iron and Steel, Inc.
1729 H street n.w.
Washington, D.C. 20006
202 • 298-7660

HAPPINESS IS A LOT OF GONDOLAS!

Circle 39 on coupon page 69

DIFFERENTIAL AIR DUMP CARS

CARRY MORE - WEIGH LESS!

MAINTENANCE OF WAY . . . ideal for ditching, rip-rapping, widening banks, and power shovel work.

REVENUE SERVICE . . . fast economical bulk handling for unit train or fast turn-around applications.

8-second dumping — all-welded construction — sizes to 70 cu. yds.

Write for bulletin D-59

DIFCO, Inc. Box 238, Findlay, Ohio 45840, U.S.A. Ph. (419) 422-0525

Circle 34 on coupon page 69

Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended June 20 totaled 563,608 cars, the Association of American Railroads announced on June 25. This was a decrease of 3,627 cars, or 0.6%, compared with the previous week; an increase of 2,533 cars, or 0.5%, compared with the corresponding week last year; and a decrease of 34,831 cars, or 5.8%, compared with the equivalent 1968. week. Ton-miles generated by carloadings in the week ended June 20 are estimated at 15.5 billion, an increase of 2.0% above the corresponding week of 1969, and 0.1% below the 1968 week.

REVENUE FREIGHT CARLOADINGS

Commodity	June 13 week	June 6 week	May 30 week
Grain	29,551	22,261	21,401
Farr products	13,360	12,456	12,657
Metallic ores	54,980	50,359	50,263
Coal	101,686	100,648	103,203
Crushed stone, gravel & Sand	33,049	31,012	31,124
Nonmetallic minerals	10,161	10,031	10,895
Grain mill products	18,634	17,564	18,042
Food & kindred products	25,192	24,706	25,885
Primary forest products	27,165	24,984	25,288
Lumber & wood products (except furniture)	15,990	13,969	15,161
Pulp, paper & allied products	23,847	23,598	24,625
Chemicals & allied products	26,494	25,841	27,307
Petroleum products	10,318	9,955	9,870
Stone, clay & glass products	20,883	19,615	21,347
Coke	8,540	8,178	8,840
Metals & products	28,385	28,485	30,559
Motor vehicles & equipment	25,731	24,029	24,863
Waste & scrap materials	15,510	14,925	15,665
Forwarder & shipper assn. traffic	7,220	7,541	7,926
All other carloads	69,743	66,084	71,924
LCL traffic	796	786	739
Total cars loaded	567,235	537,027	557,584

CUMULATIVE TOTAL 24 WEEKS	1970	1969	1968
	12,496,739	12,733,914	12,884,612
Estimated revenue ton-miles (billions) 25 weeks	353.9	350.3	343.6

PIGGYBACK CARLOADINGS

U. S. piggyback loadings for the week ended June 13 totaled 25,729 cars, carrying 42,500 trailers, compared with 26,836 cars, carrying 43,929 trailers, in the corresponding 1969 week. Loadings for 1970 up to June 13 totaled 585,031 cars, carrying 980,090 trailers, compared with 611,906 cars, carrying 1,001,725 trailers in the corresponding period of 1969.

FREIGHT-TRAIN CARS

● *Burlington Northern.*—Ordered 235 100-ton gondolas from Thrall Car at a cost of $3.7 million. Cars will be equipped with rotary couplers.

● *Fruit Growers Express.*—1970 new-car program will involve construction of 1,107 insulated bunkerless cars and 300 mechanical refrigerator cars. Total cost of the program will be $31.5 million.

● *Louisville & Nashville.*—Ordered 1,000 80-ton open-top hopper cars from Pullman-Standard at a cost of $13 million. Deliveries are scheduled for fourth-quarter 1970. Over the past eight months, L&N has placed orders for more than 8,000 freight cars and 60 locomotives, representing a total investment of $113 million.

● *Pacific Fruit Express.*—Ordered an additional 200 mechanical refrigerators cars from Pacific Car & Foundry, which is now completing delivery on a 1,200-car order. The wide-door cars will be equipped with cushion underframe and load-restraining devices. For 1969-70, PFE's equipment acquisition program now stands at 2,600 cars, representing an investment of more than $83 million.

● *Penn Central.*—Ordered 55 50-ft box cars at a cost of $1,275,000. The cars, to be built at PC's Samuel Rea Shop, will have a 5,200-cu-ft and 70-ton capacity. They will be fitted with cushion underframes and interior load-securing devices. Delivery is scheduled for August.

● *Trailer Train.*—Placed orders for 673 new 89-ft, 4-in. cars. ACF will supply 50 low-level cars, Bethlehem 373 standard-level cars, and Pullman-Standard 200 standard-levels and 50 low-levels. This brings TTX purchases of new cars since Jan. 1 to 2,088. As of June 17, Trailer Train had 56,912 cars in service or on order.

LOCOMOTIVES

● *Grand Trunk Western.*—Will acquire nine 3,000-hp SD40 diesel-electric units, valued at $2.5 million, from EMD. Delivery is scheduled for August.

● *1,117 new units installed in 1969.*—Class I roads installed 1,117 new and 146 rebuilt diesel electric units in 1969, according to AAR yearly summary. In 1968 they installed 959 new and 96 rebuilt units. Locomotive units on order Jan. 1, 1970, totaled 765, including 6 to be rebuilt. On Jan. 1, 1969, Class I roads had 480 diesel electric units on order.

● *Locomotive ownership and condition.*—Class I roads owned or leased 26,749 diesel units on Jan. 1, a decrease of 296 units under Jan. 1, 1969, according to AAR yearly summary.

	Owned or Leased Jan.1		Stored Serviceable Jan. 1		Waiting Shops Jan. 1	
	1970	1969	1970	1969	1970	1969
Diesel (units)	26,749	27,045	126	190	1,387	1,567
Steam (locomotives)	1	1	1	1	—	—
Electric (units)	276	305	—	6	37	32
Gas-Turbine-Electric	13	25	10	3	3	12

ORDERS AND DELIVERIES

● *Orders and deliveries.*—Orders were placed for 5,501 new freight cars in April, compared with 3,080 in March and 19,721 in April 1969. In addition, 948 cars were ordered rebuilt in April, compared with 113 in the preceding month and 565 in April 1969. New cars on order and undelivered on May 1 totaled 34,491, compared with 36,426 on April 1 and 47,208 on May 1, 1969.

FREIGHT TRAIN CARS ORDERED AND DELIVERED AND BACKLOG OF ORDERS

DELIVERED	April 1970	March 1970	April 1969
Built new by car builders	4,800	5,386	5,348
Built new in R. R. shops	1,648	1,246	1,218
Built new—total	6,448	6,632	6,566
Rebuilt	575	428	530
TOTAL DELIVERED	**7,023**	**7,060**	**7,096**
ORDERED			
To be built new by car builders	5,501	1,948	19,329
To be built new in R. R. shops	0	1,132	392
To be built new—total	5,501	3,080	19,721
To be rebuilt	948	113	565
TOTAL ORDERED	**6,449**	**3,193**	**20,286**

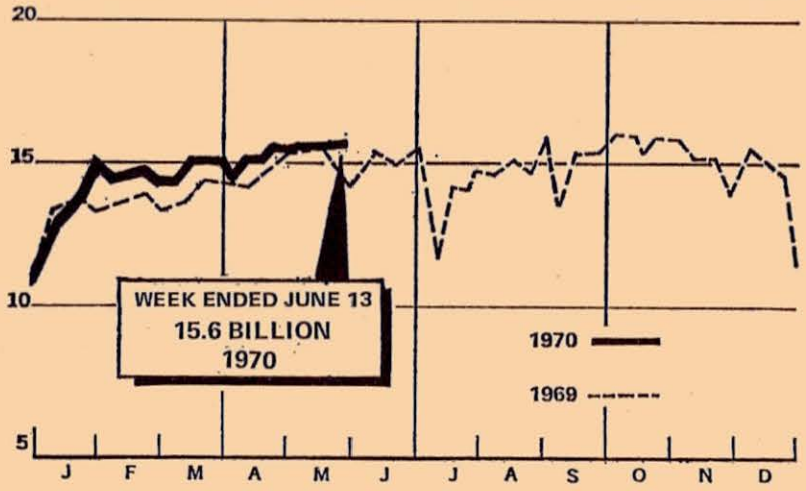
ON ORDER AND UNDELIVERED	May 1, 1970	April 1, 1970	May 1, 1969
To be built new by car builders	29,308	26,595	38,292
To be built new in R. R. shops	8,183	9,831	8,916
To be built new—total	34,491	36,426	47,208
To be rebuilt	5,503	5,130	4,001
TOTAL ON ORDER	**39,994**	**41,556**	**51,209**

NEW FACILITIES

● *Union Pacific.*—Will acquire RCA Series 700 four-frequency mobile radio units as replacement equipment for installation on an unspecified number of locomotives, cabooses and motor vehicles.

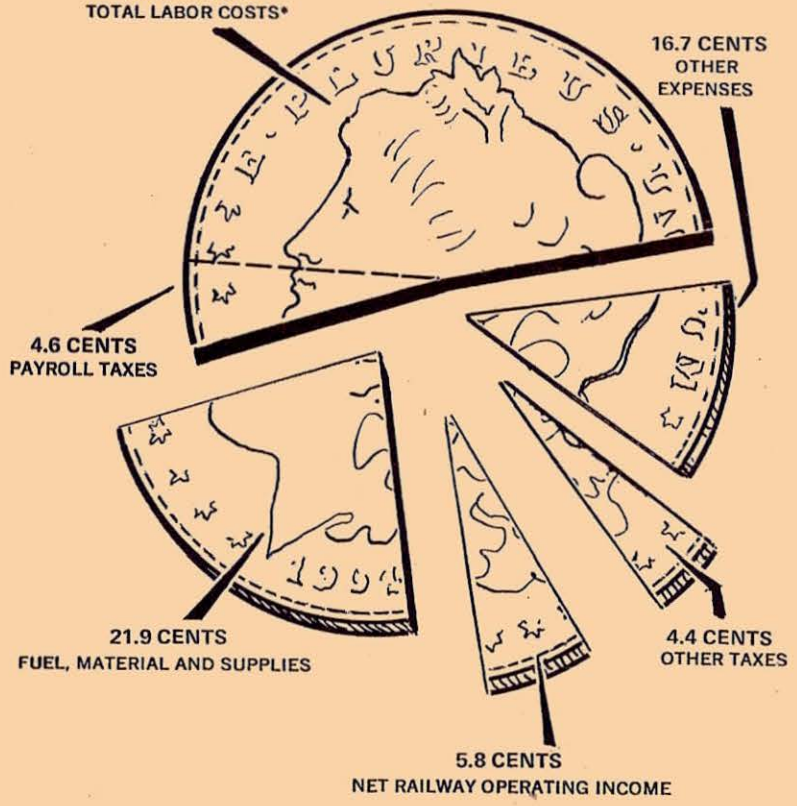
RAIL FREIGHT TRAFFIC TRENDS

BILLION TON-MILES (Estimated)



Source: Association of American Railroads

DISTRIBUTION OF RAILROAD REVENUE DOLLAR
1969



*Includes payroll taxes and health and welfare benefits, but excludes wages charged to investment accounts. Total wages, payroll taxes, and health and welfare benefits amounted to 53.4 cents per revenue dollar in 1969.

Source: Economics and Finance Dept., AAR.

All statistics compiled, computed and formatted by TRADE*QUOTES Division of National Information Services, Inc. Cambridge, Mass. 02139

RAILWAY AGE
Stock Report

TWO WEEKS ENDED FRIDAY, JUNE 19, 1970

	PRICE 1970 RANGE (1)	PRICE 1 YEAR AGO	PRICE CLOSE JUN 19 1970	PRICE 2 WKS NET CHNG	PRICE 2 WKS PCT CHNG	VOLUME 2 WKS IN 00'S	VOLUME LAST 2 WKS 00'S	VOLUME AVGE IN 00'S (2)	INDEX PRICE JAN 2 1970	INDEX CHNG TO DATE (1)	INDEX PCT CHNG
RAILROADS											
BURLINGTON NORTHERN	30- 41	N/A	31 1/8	-3 3/8	-9.7	599	577	887	40 5/8	-10	-23.3
CHESAPEAKE & OHIO	47- 59	63	48 5/8	-2 1/8	-4.1	227	393	284	54 3/4	-6	-11.1
CHIC MILW ST.P & PAC	8- 20	38 1/8	10 1/8	+ 7/8	+9.4	213	513	444	16 3/8	-6	-38.1
CHIC, ROCK ISL & PAC	13- 22	26 3/4	14	-1	-6.6	31	86	45	19 3/4	-6	-29.1
DERECO PFD B	42- 64	58 3/4	43 1/2	-1 1/2	-3.3	89	176	81	53 3/4	-10	-19.0
GULF, MOBILE & OHIO	55- 77	90 1/2	55 3/4	-1 1/4	-2.1	41	54	38	63 1/2	-8	-12.2
LOUISVILLE & NASHVLL	58- 74	77	58 1/2	-1 1/4	-2.0	46	117	88	71 1/4	-13	-17.8
MISSOURI PACIFIC A	52- 68	79	52 1/4	-5	-8.7	12	31	13	63 1/4	-11	-17.3
NORFOLK & WESTERN	63- 86	92 1/4	65 5/8	-3	-4.3	393	669	591	83 1/2	-18	-21.4
READING CO	6- 17	21	6 7/8	+ 1/2	+7.8	123	303	143	12 1/4	-5	-43.8
ST LOUIS-SAN FRNCSCO	31- 45	43	35 1/2	+1 5/8	+4.7	46	116	122	40 3/8	-5	-12.0
SOO LINE	21- 31	34 1/4	24 1/2	+ 1/4	+1.0	108	182	68	27 1/4	-3	-10.0
SOUTHERN	44- 50	49 7/8	47 3/4	+ 1/4	+0.5	400	353	446	46 3/4	+1	+2.1
WESTERN PACIFIC	12- 23	34	14	- 7/8	-5.8	149	207	340	19 1/2	-6	-28.2
DIVERSIFIED COMPANIES											
CANADIAN PACIFIC	49- 75	81 1/2	53 1/2	+1 1/2	+2.8	147	118	171	73 1/2	-20	-27.2
ILLINOIS CENTRAL IND	17- 31	38 1/2	18 1/2	-2 1/4	-10.8	350	599	659	30 5/8	-12	-39.5
KATY INDUSTRIES	6- 14	16 1/4	8 1/4	+ 1/8	+1.5	99	506	269	10 5/8	-2	-22.3
NORTHWEST INDUSTRIES	9- 17	22	11 1/2	+ 3/8	+3.3	986	1399	1375	13 3/4	-2	-16.3
PENN CENTRAL CO	11- 35	48 5/8	11 1/8	-1 1/2	-11.8	14619	16100	5216	29 1/2	-18	-62.2
RIO GRANDE INDUST	9- 14	13 3/4	11 5/8	+1	+9.4	160	203	165	11 3/4	0	-1.0
SANTA FE INDUSTRIES	20- 26	28 1/2	21 1/8	-2 1/2	-10.5	970	1991	1431	25	-4	-15.5
SOUTHERN PACIFIC CO	26- 37	35 3/8	26 7/8	-2 3/8	-8.1	907	1556	1366	33 1/4	-6	-19.1
UNION PACIFIC CORP	31- 48	44	37 1/8	+ 7/8	+2.4	560	1682	832	46	-9	-19.2
MOTOR CARRIERS											
ASSOCIATED TRANSPORT	7- 12	15	8 3/8	+ 3/4	+9.8	199	193	119	11 3/4	-3	-28.7
CONSOL FREIGHTWAYS	24- 32	27 5/8	25 3/4	+ 3/4	+3.0	386	528	655	28 1/2	-3	-9.6
MC LEAN TRUCKING CO	31- 45	46	36 1/2	+3 3/4	+11.4	63	121	123	44 3/8	-8	-17.7
OVERNITE TRANSPORT'N	17- 23	24 7/8	20 3/8	- 1/4	-1.2	27	86	81	18 5/8	+2	+9.3
PAC INTERMTN EXPRESS	12- 18	20 1/8	12 5/8	-1	-7.3	135	92	183	15 3/4	-3	-19.8
ROADWAY EXPRESS	20- 27	25 1/4	20 3/4	-1 1/4	-5.6	(3)	-	-	26 1/2	-6	-21.6
TRANSCON LINES	8- 13	16 5/8	9 1/4	+ 1/2	+5.7	248	229	488	11 1/2	-2	-19.5
YELLOW FRGHT SYSTEM	19- 27	26	19 3/4	0	0.0	(3)	-	-	25 1/2	-6	-22.5
AIRLINES											
AMERICAN AIRLINES	19- 31	36	20 5/8	-3 1/2	-14.5	1425	4169	3490	31	-10	-33.4
DELTA AIR LINES	24- 35	38 1/8	30	+1 1/2	+5.2	1156	2189	1929	30 3/4	-1	-2.4
EASTERN AIR LINES	12- 19	19 5/8	14 7/8	+ 3/4	+5.3	1671	3009	2627	15 1/2	-1	-4.0
TRANS WORLD AIRLINES	12- 24	41 1/2	13 1/8	+ 3/4	+6.0	2784	3297	2704	23 7/8	-11	-45.0
UAL INC (UNITED)	14- 28	39 3/4	15 5/8	-2 5/8	-14.3	5192	1958	2482	28	-12	-44.1

ALL BUT TWO OF THE ABOVE SECURITIES ARE LISTED ON THE NEW YORK STOCK EXCHANGE; ROADWAY EXPRESS AND YELLOW FREIGHT SYSTEM ARE TRADED OVER-THE-COUNTER.

(1) TO NEAREST DOLLAR
(2) AVERAGE TWO-WEEK TRADING VOLUME SINCE JANUARY 1, 1970
(3) VOLUME IS NOT REPORTED FOR OVER-THE-COUNTER ISSUES

Molding the image; moving the trains

With the problems of the railroad industry weighing more heavily on their shoulders than ever before, transportation and operating department officers met in Chicago last week —to be told and to tell each other that the problems, those within their province, must be solved.

The American Association of Railroad Superintendents got a rousing start, with the traditional charge, from P. H. Croft, president of the American Short Line Railroad Association—whose view is that the transportation industry is about to inherit "an awesome responsibility."

Croft put emphasis on the role of the superintendent as a positive force "moving in and among a powerful triad, which is the public, government and labor." He talked of industry image: "We are taken for granted." He talked of the need for rail transportation: "Are we vital? You bet your sweet cash flow we are." He noted government influence: "The deeper injection of governmental activity—legislative and regulatory—clouds the picture. . . . Governmental ears must be truly attuned to the needs of the industry and the public. All too often, certain segments are pacified. And they exert influence which is not in the best interest." He spoke of labor and its relationships to the industry: "Future needs obviously dictate a meaningful review of current philosophies, laws, agreements and procedures. Labor obviously is dependent upon management, and management certainly requires labor."

ASLRA President Croft looked ahead with the observation that present projections "indicate that within the next 18 years, the facilities of our industry will have to be doubled—if we are just to stay even with today." By conservative estimate, he said, the industry should be spending about $5 billion annually for capital improvements over at least the next 10 years.

Technological advance, Croft said, "must be unshackled. Its application will increase production, create new jobs."

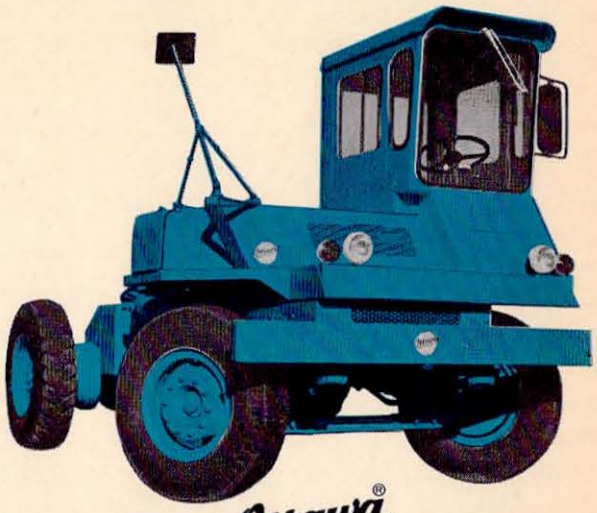
● **PC not only problem.** As several hundred AARS members met, Penn Central was the single problem that captured conversation. But the operating officers also had an agenda full of other problems to consider—problems perhaps less topical but still vital in the continuing day-to-day operation of railroads.

In their three-day session, AARS members debated procedures for terminal paper work simplification, and new concepts in terminal operation, and costing for operating decision-making, and management training for operating personnel, and safety. Special presentations were made on operating rules, on loss and damage prevention and on automatic car identification.

As pragmatists, the superintendents were concentrating on things over which they have some control—leaving discussion of the broader industry problems for coffee-break and post adjournment times. But there were PC men among them—and there was deep concern expressed, for PC and for other roads in depressed financial condition.

There were also the words of Howard Croft as to what the superintendent is and what he can do: "The superintendent is in many ways 'the railroad' locally. He, more than anyone else, is the morale in his territory—and morale is perhaps the greatest asset a company can have. His attitude, his character and his outlook radiate into every department and to every employee on the division. The ingenuity, dedication and tenactity of the superintendent represent the cornerstone of railroad."

engineered & built exactly for your operation



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Ottawa Commando Yard Tractors, built by the 'first' company in the field, have been tried and proven with more units in service than any other make. Features such as rugged frame construction, with extra width for stability, job-matched power trains, dependable hydraulic 5th wheel and air brake systems, operating ease and visibility add profit — not losses — to your operation.

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Circle 38 on coupon page 65

ADVERTISERS' INDEX

Abex Corporation 42-43
ACF Industries 63, 67, 71, 73, 75
American Telephone & Telegraph Company 17
Berwick Forge & Fabricating Corporation 84
Brenco Incorporated 37
Burlington Northern Inc. 76-77
C.A.F.L. 59
Campbell Chain Company 48
Cardwell Westinghouse Co. ..... IBC
Comet Corporation 72
Consolidated Freightways 21
Daybrook-Ottowa Division 83
Difco, Inc. 78
Dresser Transportation Equipment Division 4
Electro-Motive Division of General Motors Corp. 64-65
Evans Products, Inc. 50
Foster Company, L. B. 45
General American Transportation Corp. 46-47
General Electric 26
Greenville Steel Car Co. 18-19
Hennessy Products 49
Intermodal Transportation Systems, Inc. 70
Institute of Scrap Iron & Steel, Inc. 78
"K" Line New York, Inc. 71
Kansas City Southern Lines 20
Kemlite Corporation 73
Keystone Railway Equipment Co. ..... BC
Koenig Iron Works, Inc. 70
Miner Enterprises, W. H. 9
MLW Worthington 62
National Car Rental Systems, Inc. 22
North American Car Corp. 44
PDC Building Corp. 72
PPG Industries, Inc. ..... IFC
Pullman-Standard 24-25
Railway Educational Bureau 67
Railway Motive Power 74
Southern Pacific Transportation Company 10
Southern Railway System 60-61
St. Louis-San Francisco Railway Company 23
Standard Car Truck Co. 6
Teletype Corporation 40-41
Thermo King Corporation 3
United States Steel 38-39

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Circle 37 on coupon page 69

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Viewpoint

Who is to blame for car shortages?

If, by some miracle, a half-million new freight cars could be added to the fleet overnight, maybe we would never again hear complaints about freight-car shortages. Maybe, but not probably.

A bigger car fleet might help. But "more freight cars" alone isn't the answer. Railroads have to figure ways to get more profitable miles out of what they have. And, equally important, shippers have to begin regarding railroads as partners—not merely as transportation vendors who bear the sole blame when things go wrong. Look, for instance, at the situation as regards grain-car shortages—a situation which has assumed critical proportions this year, and a situation which was confronted recently by top railroad officers at a meeting of grain marketers.

Santa Fe President John Reed was there, and Union Pacific Executive Vice President John Kenefick, and Burlington Northern Regional Vice President Fred Deines. And they had a common message, delivered in varying degrees of firmness. The message:

"Grain-car shortages are not all our fault."

Where else was blame placed? Well, some of it fell on government. Some fell on roads which don't return cars. Some fell on the industry, for its failure to make car-ownership more attractive. And some fell on shippers, on the grain people.

BN's Fred Deines had this warning: "Unless and until we can get better control over our own equipment, it becomes increasingly unlikely that we'll be able to spend as much in the future as we have in the past. This isn't a threat. It's simply that old, inexorable law of economics that tells you to put your money where it will do the most good—to buy that equipment which will produce the best return on your investment."

UP's John Kenefick pleaded for cooperation—for one thing, to smooth out the peaks in grain movement, and, for another, to improve storage facilities to prevent use of cars as mobile storage bins.

Like his associates, Santa Fe's John Reed raised questions about the industry's position—pointing out that "at least a part of the problem is attributable to policies beyond the railroads' control and, in some instances, within the control of the very people who have become our most severe critics."

Reed put it bluntly: "Your business and ours have one main point in common. We both have to rely upon sales for whatever money we make. How much we can take in at the cash box determines to a considerable extent how much we can afford to spend on equipment to supply transportation needs. This simple fact is hard for us to reconcile with the vociferous opposition which we encounter whenever we seek necessary increases in freight rates."

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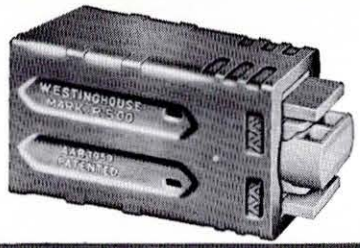
Reed, Kenefick and Deines said a lot more—not all of it, either, agreeable to the ear of the customer or of other railroads. But, they said it. They tried to put things on a reasonable basis—not on the basis sometimes existing in carrier/shipper meetings, where the carrier comes as hat-in-hand apologist.

Maybe you could put it this way: Railroads are not always right, neither is the customer. Let us go forward together?

SMOOTH CONTACTS

MARK 50

MARK R-500



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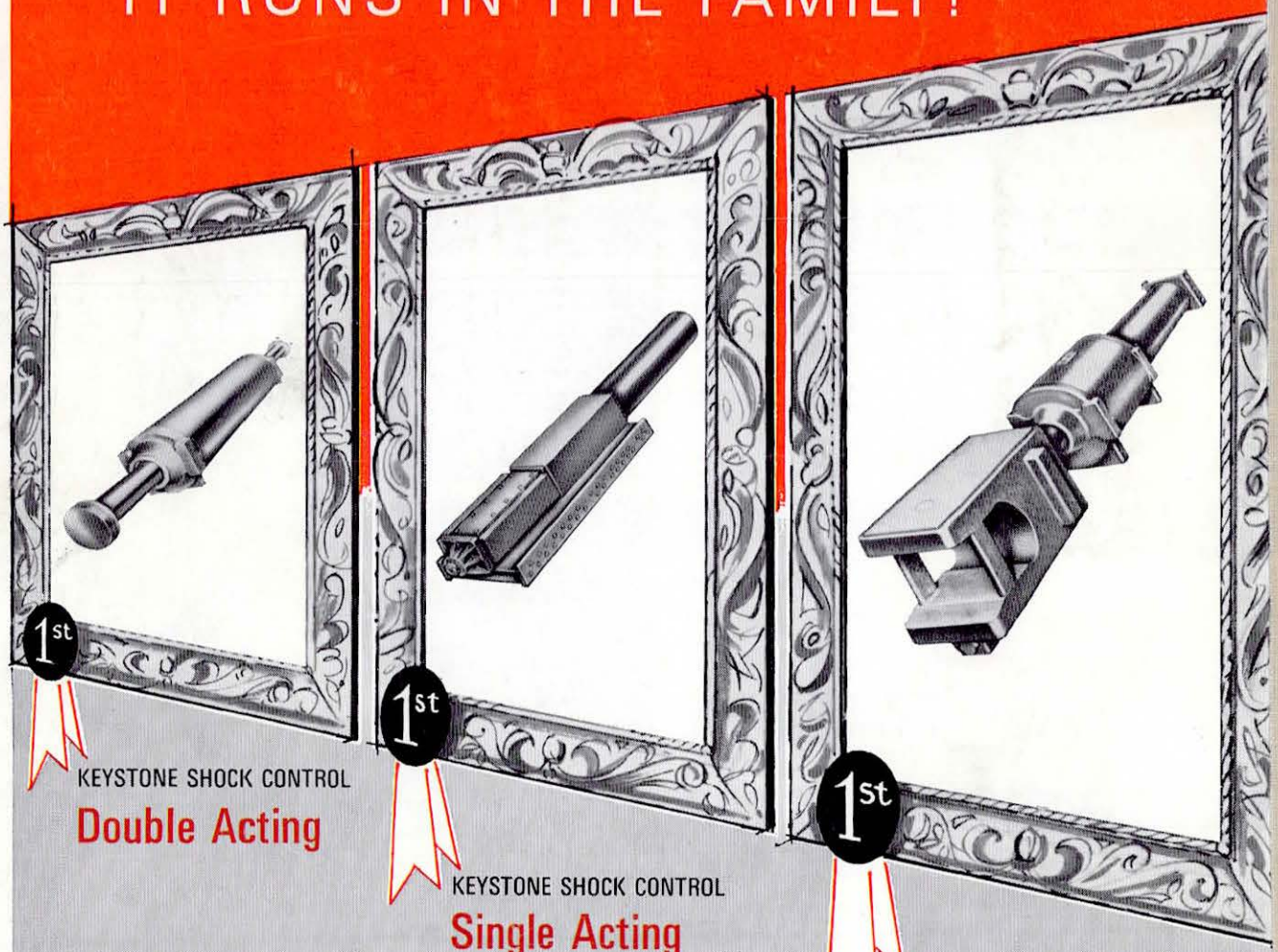

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